

Turkish Army promises civilian Cabinet this week

The Turkish military who seized power last Friday are to appoint a civilian government this week. General Evren, head of the junta, said yesterday that the Army would return to barracks once a new constitutional structure to safeguard against anarchy had been set up. He seemed reluctant to say how long that would take.

No date for return to democracy

From Mario Modiano
Ankara, Sept. 16

Turkey's military leaders sought to reassure the world today that the Army, which seized power last Friday, would return to barracks after giving the nation a new constitutional structure safeguarded against anarchy and political chaos.

However, General Kenan Evren, the Chief of Staff, who heads the ruling National Security Council, seemed reluctant to say how long the transition to democratic rule would take.

Facing a prodding throng of international journalists at a press conference, he spoke of a "reasonable period of time" being needed, but the extent of the structural reforms that he outlined suggested that this could hardly be a matter of months.

The National Security Council, he said, is determined to remove all obstacles which have hindered the healthy functioning of the democratic order so far, in a way that would preclude for ever the need for similar interventions.

General Evren was sitting alongside the chiefs of the Army, the Navy, the Air Force and the gendarmerie, who are members of the junta. General Kiyasdar Salik, the council's secretary-general, who is widely regarded as the regime's eminence grise, was seated separately. They were all in uniform.

Security precautions at the junta's first public appearance were hardly noticeable, although journalists needed special accreditation to obtain access to the cabinet room of the Prime Minister's office, where the press conference was held.

The discretion with which the military are maintaining their grip on the country reflects perhaps as much the high prestige enjoyed by the armed forces here as the understandable tendency to lie low for a while.

But observers in Ankara are wondering whether political violence can be wiped out by the military as rapidly and as effectively as the political graffiti which they ordered to be washed off the street walls.

General Evren said that a civilian government would be appointed later this week, to which the National Security

Council would delegate executive authority. It is understood from regime sources that it will consist mainly of technocrats under a carefully selected prime minister who will be as apolitical as possible in Turkey today.

According to the general, a provisional constitution was prepared to rectify the disconcerting flaws detected during the application of the abolished charter which itself had been the product of corrective military interventions.

The final text of the new constitution would be endorsed by a constituent assembly. "It is our purpose," General Evren said, "to restore civilian administration after completing the legal arrangements within a reasonable period of time."

The armed forces had intervened because the politicians had failed to realize that only those who believed in democracy were entitled to democratic freedom.

There had also neglected, despite repeated warnings, to produce the legislative measures needed to ensure this, or to ensure that the coming generations would be equipped to defend democratic values.

The last straw, General Evren explained, had been the acceptance of "exploitative and ethnic differences in order to divide the nation. He suggested that if the coup had not taken place, "these treacherous forces would have infiltrated the armed forces and attempted to divide them as well."

Since Friday's coup, several thousand militants of the extreme right and left have been rounded up, but there are no official estimates of the numbers.

Among them are about 80 parliamentarians with penal charges pending against them. He said without betraying much irony: "They are not under arrest, nor are they detained. They are free to move as they like where they are now."

General Evren repeated today that the regime had no intention of prosecuting politicians for their political activities or beliefs, but only for criminal offences. It is understood that both Mr. Necmettin Erbakan, the leader of the Muslim fundamentalist National Salvation Party, and Mr. Alpeshan Turkes, leader of the National Action



General Kenan Evren at yesterday's press conference.

Party, will be liable to prosecution.

The general was asked about the fate of the main political leaders arrested or detained. He said without betraying much irony: "They are not under arrest, nor are they detained. They are free to move as they like where they are now."

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Party, will be liable to prosecution. Two aspects of government policy will remain unchanged,

according to the leaders of the coup. The country's foreign orientation which is marked by loyalty to Nato, and the economic stabilisation programme followed by the deposed Demirel government. The general expressed the hope that the West would abide by its order. Mr. Masri said: "There was little doubt that the relaxed manner in which Turkey's military rulers faced the world's press reflected a conviction that their action had been right, that their grip on the country was firm, and that the world at large was displaying towards this junta perhaps greater tolerance than it has shown to the leaders of military coups elsewhere in the West."

EEC restraint, page 5

Libyans get life for murder of exiles

Two Libyans who masqueraded as tourists to enter Britain and murder a fellow-countryman as he left a mosque in London, were jailed for life yesterday. Third Libyan was jailed for life for murdering another man.

Ben Hasan Muhammad El Masri, aged 28, and Magib Mufira Gasm, aged 26, arrived in the first week of February as tourists. Mr David Tudor Price, for the prosecution, told Mr Justice Kinnear Brown at the Central Criminal Court.

"It is clear from the evidence that while masquerading as tourists, they came to this country in fact as assassins to murder for political motives."

Mr Masri, of Cornwall Gardens, South Kensington, and Mr Gasm, of Princess Court, Baywater, pleaded guilty to murdering a fellow-countryman, Ramadan, a journalist, on April 11.

Mr Gasm also admitted possessing a revolver and three rounds of ammunition with intent to endanger life. Mr Masri denied using a revolver with intent to prevent or assist, arrest, and that was accepted by the prosecution.

Mr Tudor Price said Mr Ramadan was one of eight Libyans murdered in Europe, about the same time. Two were killed in Libya.

Mr Ramadan, aged 36, had been in Britain since 1965 and was a journalist. On the day he was murdered, a Friday, Mr Ramadan had attended a service at the London Central Mosque at Hanover Court, Regent's Park.

When the service ended, Mr Ramadan walked into the courtyard where Mr Masri shot him in the back at point-blank range with a .38 revolver. Mr Tudor Price said.

Mr Masri fired three bullets into the back of Mr Ramadan's back. The shots caused fatal internal injuries. "It is not entirely clear where Mr Gasm was at that moment," Mr Tudor Price said. "But wherever he was he was in possession of a pistol."

"When later interviewed by the police about his part in the matter, he said that if Mr Ramadan had escaped from Mr Masri he, Mr Gasm, would have shot him himself with that gun."

After firing the shot, Mr Masri ran from the courtyard and was caught by two unarmed policemen. As Mr Masri fired, three policemen were passing in a Panda car. One of them, Police Constable Richard Tyson, heard the shot and saw Mr Masri run from the mosque holding a gun. PC Tyson jumped from the car and ran after him.

Mr Masri appeared to turn and fired his revolver in the general direction of his pursuer. The shot hit the pavement and ricocheted on to the bumper of a parked car.

Mr Masri said "later that shot was accidental". Mr Tudor Price said, "but whether it was or not is immaterial because it did not deter PC Tyson who continued to chase this dangerous gunman, who was running directly towards another young officer, Police Constable Stuart Graves, on foot patrol in the area."

"PC Graves saw Mr Masri fire in the direction of PC Tyson but, without regard for his own safety, he ran across the road towards him."

Continued on page 2, col 4

Rare illustrated manuscript by Leonardo da Vinci expected to fetch a record auction price

By Francis Gibb

An illustrated manuscript by Leonardo da Vinci, considered by scholars to be one of the rarest and most valuable still owned privately, is to be auctioned at Christie's in December.

The 36-page work, known as The Codex Leicester, could well fetch in the region of £5m to £6m, making it the most expensive work of art to be auctioned.

Entitled *Of the nature, weight and movement of water*, it is a scientific and cosmological account which was of fundamental importance to the artist in his creation of the landscape in the Mona Lisa.

Da Vinci wrote the work in Italy in about 1507. It is written from right to left in brown ink and is heavily illustrated.

The manuscript has been at Holkham Hall, Norfolk, family seat of the Earls of Leicester, since 1717. It has been sent for sale by the trustees of the Holkham estate, the fifth Earl of Leicester died in 1976.

The sale is to be officially announced by Christie's at the end of the week, is likely to provoke a future in the art world. The manuscript, has not been offered to the British Library, and its sale was not known about by the Office of Arts and Libraries.

In a statement issued yesterday, Christie's said it had never been privileged before to offer for sale a work of such importance and rarity.

The British Library is unlikely to be able to buy the manuscript when it comes up for sale because in July it paid £850,000 for Rashid, Al-Din's *World History*, a fourteenth-century Persian manuscript, which was the highest price given for any manuscript.

Even though the library's manuscript experts are likely to recommend that an expensive acquisition be made, it will give British institutions a chance to match the purchase price, no institution would be able to raise the kind of sum expected to be paid.

The burden of saving the manuscript will fall on the hard-pressed National Heritage Memorial Fund. But to pay out £5m would remove one-third of the fund's resources.

American museums, such as the J. Paul Getty Museum, and others like the Louvre, are likely to try to acquire the work, and the trustees of the Holkham estate will come under pressure to explain why the manuscript has not first been offered to the nation.

On a sale at Christie's, the bulk of the purchase price will go in tax. An offer to the nation could have been entirely set against taxes.

Last night Lord Coke, son of the sixth Earl of Leicester, said he could not comment on the sale before its official announcement.

The trustees have already offered several manuscripts in lieu of capital taxes, including a Boccaccio *Decameron* and an illustrated *Divine Comedy* of Dante, together with three Byzantine gospels.

NUR pledges support for dock stoppage

By David Felton
Labour Reporter

The National Union of Railmen last night pledged support for dockers who are due to start a national strike at midnight on Sunday.

The union instructed its 6,000 members who work in Britain's ports not to cross picket lines.

Leaders of the Transport and General Workers' Union, which has called the strike over the threatened dismissal of 178 dockers at Liverpool, spent yesterday making contact with British and European unions asking for support.

Mr Sidney Weighell, general secretary of the NUR, also undertook to seek the backing of the International Transport Workers' Federation, of which he is an executive member. He told Mr Alex Kitchin, deputy general secretary of the TGWU, that his members, who mainly work in British Transport Docks, would do no more than their normal work in ports which the TGWU did not picket.

The NUR's involvement could threaten a cross-channel ferry services and services from United Kingdom ports to Northern Ireland and the Irish Republic.

A crucial meeting of the National Association of Port Employers is being held this afternoon and will draw up a reply to the TGWU's demand that the temporary unskilled register be abolished except for disciplinary purposes.

Mr James Fitzpatrick, chairman of the association, said in London last night that today's meeting had to find a solution. "It is not easy to see any difficulty in resolving the dispute now, providing the union sees the deadline is called off. They do not want the TUR and neither do the employers."

The employers in Liverpool want to put the 178 dockers who are to lose their jobs on September 30 on the TUR, which would cut their wages from an average £114 a week to £55. The union claims that the employers are bound by the

recommendations of the Jones-Aldington committee report of 1972, which said the TUR should be abolished as a means of dealing with surplus labour.

Mr Eric Bainbridge, director of the association, yesterday met Mr Tom Croft, the union's national docks officer, to clarify the issues. The union has made clear that it does not see increased severance payments as an answer to the problem.

Despite this, the employers are expected to agree to a raising of the maximum payment from £8,000 to £10,000 in the hope of ending their overmanning problems.

Meanwhile pressure mounted in political circles for action to be taken to get the strike called off. Mr Robert Barry, Labour MP for Liverpool, Scotland Exchange, which covers the docklands, called for Parliament to reassemble to discuss the crisis.

Mr George Thornton, the Conservative member for Liverpool, has written to Government ministers suggesting that another committee, similar to Jones-Aldington, should be set up to bring up to date recommendations which were nearly a decade old.

Liverpool's problems: food airlift plan industry's fears, page 2

Nalgo chiefs overruled by members on pay

By Our Labour Staff

Leaders of 100,000 white collar health service workers who had called for a programme of industrial action, including one-day strikes and an overtime ban, were overruled yesterday by the union rank and file, who voted in a 14 per cent offer as an interim measure.

A delegate conference of members of the National and Local Government Officers' Association (Nalco) rejected the call for action by a majority of almost two to one.

Instead, they decided that the question of maintaining links with civil servants pay should be referred for discussion at the Advisory Conciliation and Arbitration Service (Acas).

Miss Ads. Maddocks, the union's national officer for the health service, said after the meeting: "I am very disappointed. I was hoping that the administrative and clerical staff would take action in support of the committee, because the issues are so fundamental."

Union negotiators had rejected the 14 per cent offer because they maintained that the historical link with civil servants pay, which rose by an average 16.5 per cent, should be continued. Nalco officials believe delegates may have been influenced by Ministers' statements on pay.

Yesterday's vote could lessen the threat by 3,000 health service engineers who last week rejected a 13 per cent offer and sought the approval of the Nalco leadership to take industrial action.

Mr Laurence Fuller, of Cambridge, who yesterday proposed acceptance of the offer in the interim, said his branch would have supported the call for industrial action in July, but five months after the operative date for the new agreement was "a bit too late".

Russian in Kabul seeks US asylum

From Patrick Brogan
Washington, Sept. 16

A Soviet soldier has taken refuge in the United States Embassy in Kabul and has demanded political asylum. American officials have been in contact with diplomats from Russia and Afghanistan in an attempt to arrange for him to be flown out of the country.

The United States has told both Governments that it holds them responsible for the security of the embassy. The State Department said Afghan troops had stepped up their guard at the mission, but there was no specific indication they intended to seize the building.

The State Department could give few details of the defector, beyond that he was a private. There is no one in the embassy who can speak Russian or German, another language that the soldier speaks.

The embassy staff in Kabul has been reduced to a minimum over the past 18 months, since the ambassador there, Mr Adolph Dubs, was killed when the mission was seized by terrorists in February, 1979.

134pc Israeli inflation is world's worst

Tel Aviv, Sept. 16.—Israel's inflation has risen to an annual rate of 134 per cent, the world's highest, official figures showed today.

But Israelis, long accustomed to three-digit inflation, took the news calmly, confident that they would be cushioned against the worst effects of the inflation. Hardly had the figures been announced than Treasury officials were making it known that wages would go up next month by Government order by around 20 per cent.

This is one of the wage rises which all employers must pay every three months.—Reuter.

Iran MPs take time over hostage issue

Tehran, Sept. 16.—The Iranian Majlis (Parliament) showed its determination not to be hurried over the American hostage issue today by voting to set up a special commission to study the case of the 52 captives held since November 4.

Deputies opted by an overwhelming margin to refer detailed discussion of the hostages to the commission, which is expected to propose conditions for their release and examine documents held by the Foreign Ministry and the military students occupying the United States Embassy in Tehran.

The decision was a setback for hopes of an imminent end to the crisis and showed deputies intended to scrutinize any settlement proposals closely.

Before deputies rejected the alternative motion of starting substantial discussion today, they agreed that when the full debate began it should be in public.

The Majlis voted to defer the setting up of a hostage commission until next Thursday, but political sources doubted whether both its composition and task could be decided in one day.

Yet there was evidence that the Assembly, charged by Ayatollah Khomeini with resolving the crisis, was opposed to further indefinite delay.

In his unexpected intervention four days ago, Ayatollah Khomeini laid down four conditions for the captives' release which did not include a trial or a demand for an apology from the United States for its past role in Iran. But he repeated his order: "First, issue seven months ago that the Majlis alone would set terms for their release."

Mr Sadeq Qotbzadeh, the outgoing Iranian Foreign Minister, said today he thought the hostage crisis could be resolved before the American presidential election. But this depended on the speed with which the Iranian Parliament moved in setting terms for the release of the hostages, he said.

"I think there is a possibility. The most important thing is that the (hostage) situation

Talks on steel takeover begin tomorrow

A private consortium and the British Steel Corporation begin talks tomorrow which could lead to a takeover of the Consett steelworks that the corporation closed last week. Representatives of the consortium, which has not announced its composition, will outline the details of the scheme today. It will negotiate at between £12.5m and £22.5m for the works. The consortium plans to employ about 2,700 workers at Consett and to be in business within two months of an agreement being reached.

Disaster was narrowly averted when a blazing undercarriage forced a Pan Am DC10 to abort take-off at Heathrow. The pilot landed the aircraft 400 yards from the end of the runway. Passengers and crew escaped down emergency chutes. It was the second incident in four days affecting a Pan Am DC10.

UN Assembly to have German president

The thirty-fifth General Assembly of the United Nations will open in New York with a familiar agenda of intractable disputes and regional rivalries. The president of the session will be Baron Rudiger von Weichmar of West Germany, the first German to hold the post since the United Nations was created.

MP's court apology

Liverpool magistrates agreed not to bind over Mr James Dunn, Labour MP for Liverpool, Kirkdale, when he appeared on a summons alleging breach of the peace in an incident at his home. They heard that Mr Dunn, while denying any offence, had made an apology which was accepted by the prosecution.

Jewish vote 'crucial'

Since 1974 Jews in Britain have been exhorted to use their votes to serve their interests as Jewish citizens, a paper to be presented to the Political Studies Association says. The Jewish vote was crucial in a number of constituencies.

Allies set date for talks with Russia

The United States and the Soviet Union have agreed to start talks on October 15 on limiting the deployment of theatre nuclear weapons in Europe. A meeting of senior European and United States defence officials in Brussels decided that Mr Edmund Muskie, the United States Secretary of State, should propose this date to his Russian counterpart.

Summing up: Mathematical tests given to a group of fifteen-year-olds show that boys do better at all kinds of sums than girls.

Amsterdam: Dutch Government avoids tough economic measures.

Mexico: A six-page Special Report on the country's political, economic and social climate.

Classified advertisements: Personal, pages 23, 24; La creme de la creme, 21, 22; Appointments, 22; Residential property, 10, 11.

Home News 2, 4; European News 5, 6; Overseas News 5, 6; Crossword 24; Diary 22; Appointments 22; Europe: Part 4.

Business 15-20; Court 24; Crossword 24; Diary 22; Appointments 22; Europe: Part 4.

Features 12-14; Letters 12-14; TV & Radio 12-14; Theatre, etc. 12-14; 25 Years Ago 12-14; University 12-14; Weather 12-14.

BBC costumes head on theft charge

Peter Shepherd, aged 55, of West London, head of the BBC's costumes department, was charged last night with four other men with conspiring to steal costumes from the corporation.

The others charged were Anthony Pearce, aged 49, costume design manager of Horshambridge, Devon; Douglas Little, aged 51, administrative assistant of Sutton, London; Peter Scholander, aged 50, BBC chargehand, of Didcot, Oxfordshire; William Turner, aged 69, retired costumes department member, of North London.

The five men were given bail to appear before Magistrate's magistrates next month.

Leaders: On football 'hooligans' from the Chairman of the Football Association, from Mr Harold Glover.

Leading articles: Economic policy, Housing, Sweden's problems and prospects, Judy Williams on the booming book business at Hay-on-Wye, Peter Evans on the person crisis.

Sport, pages 6-8: Football: FA seek government help over discipline; previews of European matches; Tennis: new format for Davis Cup; Cricket: John Woodcock's review.

Arts, page 9: Opera: John Higgins at Maurice Béjart's production of *Don Giovanni* in Geneva and Paul on William Malet's *Malet's Sermons* in Cardiff.

Obituary, page 14: Mr Bill Evans, Mr Gerald Varner, Brigadier F. M. W. Harvey, VC.

Business News, pages 15-20: Stock markets: Gifts and equities both slipped back in this trading, and despite a late rally the FT index closed 24 down at 488.3.


Student features: Paul Routledge on pay claims in the shipyard; Alexander's rapidly growing trade links with China are examined by Frank Vogel.

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Understandably, many cars with big boots tend to be a little leaden footed.

The way they weigh it up, space comes before pace.

Not so the Volkswagen Jetta. Certainly it has a boot quite out of proportion to any other cars in its category.

15.5 cu. ft., as against the Ital's 12.4 for example. Or the Cortina's 11.3.

But it's up front that the Jetta really gets its kicks.

The 1500 cc engine takes it from stand still to 50 in 8.6 seconds. And that's quicker than the Mirafiori can make it, even with 1600 ccs.

With so much going for the Jetta front and back how does it fare in the middle?

Even with room for so many cubic feet in the boot, there's still plenty for some pretty leggy passengers.

And no shortage of doors to let them in and out.

In other ways too, the Jetta is exceptionally long-legged.

Between gallons, for instance, it'll lope along for 38.7 miles* at a steady 56 mph.

Between major services, it'll cover no less than 10,000 miles.

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Jetta. 



In brief

Water chief
£1.119 lunch

Cricket pavilion
a listed building

Victims
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EST EUROPE

EC refrains from condemning army takeover in Turkey

Michael Hornsby
Sept 16

European Community ministers today noted "concern" about the recent developments in Turkey and called for a return to democratic rule. But they carefully refrained from condemning the military coup by the Turkish army.

Mr Carrington, the Foreign Secretary, and his EEC colleagues noted the assurances given by army leaders that "constitutional institutions would be respected and that the army would not interfere in the political process". They expressed the hope that "these assurances will soon be put into effect".

In a statement issued in full, the ministers' brief statement said that the Community will continue its cooperation with Turkey. "In other words, there is to be no freezing of commercial and political relations with Ankara for the time being."

It is in contrast to the reaction of Greece, which has imposed a complete economic embargo on Turkey. It reflects the intervention of the army's intervention in the political process in Turkey, and the growth of anti-Western forces. The statement also noted the minister's statement that the Community would express "understanding" for the reasons which

up casts gloom over prus peace talks

Sept 16

Long-dormant Cyprus talks resumed here yesterday, but a break in the talks is expected to be created by the military takeover in Turkey.

Hugo Gobbil, the Argentinian acting as the representative of the Turkish side, said that the military takeover in Turkey would cast a gloom over the peace talks. He said that the military takeover in Turkey would cast a gloom over the peace talks. He said that the military takeover in Turkey would cast a gloom over the peace talks.

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Government avoids high economic measures

Sept 16

Government, led by Mrs Thatcher, has avoided high economic measures, such as a 10 per cent increase in the value added tax, which would have been a significant step towards reducing the budget deficit.

The government's decision to avoid such measures is seen as a sign of its reluctance to take the tough economic steps required to bring the economy back to a growth path. The government's decision to avoid such measures is seen as a sign of its reluctance to take the tough economic steps required to bring the economy back to a growth path.

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Sept 16

The first day of the school year in France was marked by a series of strikes and protests, as teachers and students alike expressed their dissatisfaction with the government's policies. The strikes were particularly widespread in the Paris region, where schools were closed for several days.

The government's decision to avoid high economic measures has been seen as a major factor in the unrest. Teachers' unions have demanded higher wages and better working conditions, while students have protested against the government's policies on education.



Professor Anthony Blunt arrives in Rome. He went to an unknown destination.

Danes claim money from Britain

From Christopher Follett
Copenhagen, Sept 16

The Danish Fisheries Association yesterday presented the British Embassy here with a claim for a maximum 187m kroner (£14m) in compensation for catches lost during Denmark's dispute with Britain over fishing rights in the North Sea.

The claim is based on the fact that the British fishing fleet has been operating in Danish waters since the summer of 1978, when the dispute began. The Danish government has demanded that the British fleet leave its waters, but the British government has refused to do so.

Defendants absent in kidnap trial

From Ian Murray
Paris, Sept 16

The trial of six people accused of having carried out one of the most notorious kidnappings in France in recent years opens tomorrow—but none of the defendants is actually in custody or even in France.

The trial is being held in Paris, but the defendants are all in Spain, where they were arrested in July 1977. The trial is being held in Paris, but the defendants are all in Spain, where they were arrested in July 1977.

Alsace court rules in favour of dismissed parish priest

From Our Own Correspondent
Paris, Sept 16

A traditionalist priest has won the first round of a legal battle against his bishop and the French Ministry of the Interior in his efforts to keep his tiny parish in Alsace.

The court ruled in favour of the priest, who had been dismissed from his parish by the bishop. The court found that the bishop's decision was unjustified and ordered the priest to be reinstated.

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OVERSEAS

Israel says group of detained Arabs committed eight murders in occupied West Bank

From Moshe Brilliant
Tel Aviv, Sept 16

The Israeli Military Command today announced that security forces have arrested a group of Arabs allegedly responsible for eight recent murders, including the murder of a Jewish settler in the occupied West Bank.

The group, which was captured in the Jordan valley, is being held in a military camp. The Israeli military command said that the group had committed a series of violent acts, including the murder of a Jewish settler in the occupied West Bank.

'Billygate' committee may call President

From David Cross
Washington, Sept 16

The first round of public hearings into the controversial relationship between Mr Billy Carter, the President's brother, and the Libyans is expected to end this week with testimony from Mr Zbigniew Brzezinski, the White House National Security Adviser.

The hearings are being held by a committee set up to investigate the so-called "Billygate" affair. The committee is expected to call President Carter to testify about his relationship with his brother and the Libyans.

Remains found of largest flying bird

Washington, Sept 16—Scientists have discovered fossils of what is believed to have been the largest bird ever to fly—an animal the size of a man with a wingspan of 25ft.

The discovery, announced by the National Geographic Society, was made in Argentina and confirmed by scientists at the Natural History Museum of Los Angeles County.

Bolivia will allow ex-President to leave country

La Paz, Sept 16—Senora Lidia Gueller, the deposed President, will be allowed to leave Bolivia in a few days, according to the military rulers who overthrew her.

A government spokesman said yesterday that Colonel Luis Arce Gomez, the Interior Minister, had agreed to let Gueller go. She is expected to leave the country within a few days.

Familiar agenda of intractable disputes and rivalries as UN session opens

From Michael Leppman
New York, Sept 16

The 35th session of the General Assembly of the United Nations opened this afternoon with a familiar agenda of intractable disputes and regional rivalries.

The full weight of multilateral diplomacy will be put to the test as delegates from 113 countries gather in New York to discuss a wide range of international issues. The session is expected to be a busy one, with many important decisions to be made.

US seeks missile curb meeting next month

From Our Own Correspondent
Brussels, Sept 16

Talks between the United States and the Soviet Union on limiting the deployment of theatre nuclear weapons in Europe are expected to open on October 15 in Geneva.

The talks are part of a series of negotiations aimed at reducing the risk of nuclear war. The United States and the Soviet Union have agreed to meet in Geneva to discuss the deployment of nuclear weapons in Europe.

Slowing of detente cheers China

From Frank Vogt
United States Economics Correspondent
Washington, Sept 16

A senior Chinese official here today said that the government had no doubt that the slowing of detente in the United States was a positive development for China.

The official said that the United States' decision to slow down its efforts to improve relations with the Soviet Union was a sign of its commitment to the principles of international law. He said that this was a positive development for China, as it showed that the United States was not abandoning its principles.

Baron Rudiger von Wechmar: First German to be UN Assembly President

Baron Rudiger von Wechmar, a German diplomat, has been elected as the first German to be President of the United Nations General Assembly.

He will take office on October 1, 1980. Baron von Wechmar is a member of the German Foreign Service and has held several important positions in the German government. He is expected to lead the Assembly through a period of significant international events.

OVERSEAS

Israelis keep open Checkpoint Fatimah as Lebanese cross the border for aid and work

Major Haddad ready to defy UN force in fight with PLO

The third in a series of five articles on the spirit of Camp David by Richard Owen of The Times, who has recently returned from a tour of the Middle East. The series began on Monday.

North of Jerusalem and the West Bank of the Jordan lies the Sea of Galilee. Still bathed in an aura of biblical tranquility, the lake attracts hordes of Israeli tourists, who come to eat St Peter's fish and sit in outdoor cafes watching video cassette recorders, the latest Israeli craze.

Across the water, a few miles away, rise the Golan Heights, and beyond them the border with Syria. Farther north still is the border with Lebanon, where towns and settlements on the Israeli side are regularly shelled by Syrian-backed Palestinian Liberation Organisation (PLO) forces inside Lebanon.

Four weeks ago Israeli jet fighters and crack troops poured across the border and pounded PLO positions, killing 600 Palestinians and losing three Israeli aircraft. In Kiyar, Shemona, just inside Israeli territory, women went shopping as usual, and down on Lake Galilee the "videos" kept rolling.

Hounded out of Jordan

Living with gunfire and the occasional crump of mortars is something the Israelis in the north seem quite used to. Official peace with Egypt and unofficial peace with Jordan, given Israel's position, together with the disengagement agreement with Syria.

But the border with Lebanon remains "active". The Israelis say this is because the PLO made Lebanon its base after being hounded out of Jordan in 1970-71, and now uses southern Lebanon as a base from which to terrorise Israeli citizens.

The Palestinians say that they were first hounded out of Israel, and have to go some-

where. They also claim that Israeli harbours long-standing ambitions for a Jewish state extending to the Litani river inside Lebanon, and are using the Christian militia of Major Saad Haddad as their instrument.

Major Haddad's militiamen are certainly a visible presence inside the Lebanese border, together with the United Nations troops who are supposed to keep the PLO and the Christians apart. The Israelis are less visible, but are certainly there.

The border zone has been more or less under their control since the Lebanese civil war, when they began to allow movement back and forth across the frontier on humanitarian grounds, a policy known as the "good fence". Lebanese villages, Muslim and Christian, still go back and forth for medical aid, and even to work in Israel.

At Checkpoint Fatimah—named after an Arab lady of easy virtue who used to offer border hospitality to Israeli troops—the road into southern Lebanon begins. It is pitted with shell craters, forcing the sparse traffic to slow to a crawl. Cars have no licence plates, and are not taxed: there is no central authority.

The principal town in the region, Majayoun, has the air of a ghost town. Two thirds of its inhabitants have left. Villagers still go about their daily business: shops function, and both Israeli and Lebanese currency is accepted. Electricity comes from Beirut, but the Israeli supply the water, as well as occasionally filling in shell holes in the road.

In Christian areas, Major Haddad's men loiter about in guardposts, waiting for action. Some of them keep their white-painted Sherman tanks in the front gardens of their homes, like family cars.

Up on the outcrop above the Litani river hangs Beaufort Castle, which dates from Crusader times. It is now the main PLO artillery base, and has probably suffered more

damage recently than when the Crusaders were there. Beaufort Castle was one of the main targets during the recent Israeli assault, but the PLO always creep back when the jets have gone.

Every now and then the PLO and Major Haddad's militia exchange fire, not so much with intent to kill as to demonstrate that they are there. The PLO regularly shell the Citadel in Majayoun, apparently in the belief that it houses Haddad's headquarters, although all I saw there were a few broken down lorries in an otherwise empty and dusty courtyard, with the slogan "Haddad is our Saviour" painted on the abandoned walls.

Mission to eject 'outsiders'

The United Nations forces in Lebanon are clearly in a difficult position. Unifil, the United Nations Interim Force in Lebanon, was formed in 1978 to oversee the withdrawal of Israeli forces after their last full-scale invasion of Lebanon. It has been unable to police the area effectively, however, largely because of the presence of Haddad men who moved in to provide a "buffer" between the PLO and the Israelis.

A number of United Nations troops have been killed in the crossfire. Unifil, and their Ghossein commander, Major General Erskine, are naturally frustrated, and have several times threatened to withdraw altogether.

Major Haddad would probably be glad if they did. Formerly in the Lebanese Army (he was greatly angered by the allegation by the Middle East Correspondent of The Times that he had promoted himself from captain to major), he believes that his mission is to rid Lebanon of "outsiders", by which he means Palestinians and Syrians. He refers to his present enclave as "Free Lebanon". His sincerity is not in doubt.

Short in stature, but with a

stocky, rather bullish air of determination and guile, Major Haddad shows real anger when he talks of Christian villagers being murdered by "terrorist infiltrators" because of the "negligence" of the United Nations troops.

If the infiltration continues, Major Haddad told The Times, he will be "obliged to enter the United Nations areas with tanks and armoured cars and hit the terrorists myself". He has, he says, warned General Erskine that "enough is enough; the limit has been reached".

The United Nations forces are ineffective because if they catch a "terrorist" they let him keep his weapons and send him back in the sure knowledge that he will not be punished. The Palestinians, and Syrians, Major Haddad says, are "burning my country". Given a free hand, he could "clear the area of PLO in one day".

This is probably no idle boast, given that there are about 700 PLO inside the United Nations lines, and about 2,000 Christian militiamen. "I've had enough", Major Haddad declared. "I don't care about world opinion, only about the safety of my people".

An intriguing question is whether Major Haddad's 2,000 strong militia would ever team up with the 15,000 Christian fighting men commanded by the Phalangist leader Bashir Gemayel in the North. Gemayel's forces, neat, disciplined, and well-trained, dominate East Beirut and the coastal strip to the north.

Both Mr Gemayel and Major Haddad are backed and supplied by Israel. The Israelis would no doubt welcome a Christian-dominated Lebanon friendly to its southern neighbour.

Many of Lebanon's Muslims—who form the majority of the population—have become neutral if not hostile towards the PLO, and might cooperate with the Christians against the Palestinians and their Syrian allies.

The problem is that there are still—despite Israeli raids—about 400,000 Palestinians in Lebanon, and unless they acquire a homeland to go to as a result of the Camp David peace process or some successor, their wishes must somehow be accommodated. The Israelis are "acutely aware" of this dilemma.

Where they undoubtedly agree with Major Haddad, the other hand, is when he fulminates against Syria as the chief culprit in Lebanon's sorry story, with ambitions which make use of and extend beyond the Palestinian question.

Last month the Central Committee of the ruling Baath Party, meeting in Damascus, resolved to strengthen the Syrian-armed forces to the level of parity with Israel. Syrian television relayed military manoeuvres near the Golan Heights to the accompaniment of martial music.

The Soviet Union is stepping up its arms supplies to Syria, whose recently announced union with Libya—whatever the practical difficulties—is intended to underline Damascus's increasingly belligerent anti-Israel stance.

Disadvantages of activities

Seen from Damascus, this looks like a reasonable attempt to head off a process by which Israel is not only consolidating her position as an interloper of Arab territory but expanding into southern Lebanon.

Seen from the Israeli side, it looks like desperate preparation for an attempt to win by military means what could never be gained at the conference table.

The great disadvantage is that every Israeli incursion, indeed every provocative act by either the Christian militia or the PLO, places in jeopardy whatever chances there is of extending Camp David beyond Israel and Egypt to the rest of the Middle East.

Next: Egypt

School head stoned to death

From Our Correspondent Johannesburg, Sept 16

Police have made a number of arrests after African pupils stoned to death a school head in the Ciskei homeland.

Mr Silverman, head of a junior school near Alice, was killed instantly on Monday when he was hit on the head by a brick soon after he had led pupils in morning prayers. His death was the second by stoning in a week in Ciskei. A policeman was killed on Thursday by students near Queenstown. Two students died in the unrest.

Chief Lennox Sobie, the Chief Minister of Ciskei, called the students "terrorists who have no consideration for human life".

He again criticized the South African Government for closing schools in the Port Elizabeth area, causing an influx into Ciskei of students "who are now disturbing the peace".

There will be no inquest on Mr Saul Ndzuwe, the former Transkei Interior Minister, who died in prison a week ago.

Brigadier Martin Ngebe, the Commissioner of Police, said in Umtata, the capital, that a post mortem examination by a Cape Town pathologist had shown that he died of natural causes.

Search fails to find any sign of British ship

From Peter Hazelehurst Tokyo, Sept 16

The 91,500-ton British ship, the Derbyshire, appears to have vanished without trace or any sign of wreckage, Japanese patrol boats and aircraft reported tonight in the second day of searching for the missing mineral carrier ended at dusk.

The search for the vessel and its crew of 43 started when it failed to dock on schedule at the port of Kawasaki on Sunday.

The Derbyshire made its last radio contact with the Japanese Maritime Safety Agency from a position 315 miles east of Okinawa last Tuesday before sailing a course which would have taken the vessel into the path of a typhoon.

A spokesman for the Japanese Maritime Safety Agency said the search would continue tomorrow if officials believe that the crew could survive.

Iran and Iraq content to stay on brink of war

By a Special Correspondent

The armed clashes that have been taking place along the Iran-Iraq border over the past few days have gathered pace and intensity. Although many of the clashes have been artillery exchanges widespread use is now being made of the air forces. Border posts, tank concentrations and Army barracks have been bombed, claiming many casualties.

Iran has placed its armed forces on full alert and asserts that Iraqi forces have concentrated the mass of their armour along the border. Iran further claims that it had shot down eight Iraqi aircraft by Sunday evening and retaken three border posts occupied by the Iraqi Army. Iraq denies this and admits only to the loss of one aircraft.

that neither side is seeking a full war, there is a danger that the hostilities might gather a momentum of their own and make it difficult for either Baghdad or Tehran to climb down without losing face or putting new heart into their internal opponents.

The two governments may thus be seriously studying the array of modern weaponry that has been amassed on each side of their common border. Such a study, however, may not yield any definite conclusions.

For example, the Iranian Air Force of about 90,000 men is said to be three times as large as its Iraqi counterpart.

But the recent purges in Iran have left the armed forces of that country in a demoralized state. The command structures of the Army and the Air Force have been badly disrupted, the

fervour of Islamic zealots has created widespread indiscipline, and the withdrawal of American technicians has resulted in the grounding of many aircraft.

The two countries' tank forces were estimated to be roughly equal in number a year ago, at about 1,200 each. But the Iranian Army has been engaged in heavy fighting with Kurdish guerrillas and is known to have lost a fair number of tanks.

On the other hand, the Iraqis have been modernizing their tank force, and they have had no major upheaval to disrupt their Army command.

If the military calculations of both sides are given to uncertainty, their political prospects present them with even greater anxieties. The Shia, the majority Arab sect in southern Iraq, have come to regard Ayatollah Khomeini as their

SPORT

Cricket

Not so much a summer, more a season of English discontent

By John Woodcock
Cricket Correspondent

How will the cricket season of 1980 be remembered? As the summer that never was? Or as the year when Ian Botham was too sick to play, or when the West Indian batsmen set the game dancing and their bowlers were too tired to bowl?

Or even, perhaps, as the year when the first West Indian played in the County Championship? Or for the Centenary Test, so brilliantly organized yet cruelly treated?

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Butcher is prepared for the worst

Roland Butcher is prepared for a hostile reception when he plays in the Caribbean for England this winter. Butcher, born in Barbados, said: "I am sure that some of the crowd will be a bit hostile. Many West Indians will regard me as a traitor for playing for England rather than West Indies. I only hope that they are not wrong. I am a cricketer and I will play for the country who will appreciate me."

a sufficiently serious problem. They are waiting for the patient to be in a wheelchair before reaching him. I shudder to think how many times we shall get in a day in West Indies, in hot weather and when there are two drinks in the morning, and two in the afternoon and another after tea.

Mike Brearley's value to England was never more obvious than after his withdrawal from the captaincy. His own value to the team was never more obvious than when he was asked to play in the Centenary Test. He was asked to play in the Centenary Test. He was asked to play in the Centenary Test.

As a match the Centenary Test was a bitter disappointment. It was a bitter disappointment. It was a bitter disappointment. It was a bitter disappointment.

One of the most worrying aspects of the English cricket has been the lack of overseas players. Of the first 15 in the England averages, only three were from South Africa, West Indies, Pakistan or New Zealand. It was much the same story with the bowling. No wonder Alan Border, as chairman of the England selectors, departs when he sees anything up to 20 overseas cricketers in the squad.

Test averages of England players for West Indies

Batting	Runs	Wickets	Bowling	Runs	Wickets
P. Sutcliffe	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1
G. Boycott	1,123	1	G. Boycott	1,123	1

Yachting

Conner at the helm of Freedom's early success

Newport, Rhode Island, Sept 16.—The United States yacht Freedom, defending the trophy won at the 1977 America's Cup, was the first of the 24th America's Cup race, which began on Monday. The American skipper, John Oakeley, was the first to start. The race was won by the American skipper, John Oakeley, who was the first to start.

Rugby Union

Somerset pre superiority with late rush

By Alan Gibson
Somerset 17-14 Bath. The late Somerset for the South-West group county championship. This is a significant victory for Somerset, who were the first to start.

Hockey

England juniors step into senior party

By Sydney Friskin
England have made two changes in their party of 16 for the international matches against Australia and New Zealand. The changes were made in the party of 16 for the international matches against Australia and New Zealand.

For the record

Cricket

Lord's Cricket Ground, London. The first day of the Centenary Test. The first day of the Centenary Test. The first day of the Centenary Test.

Boxing

Three for the road

Three leading American boxers—Kenny Rogers, the world champion, Randy Mancini, and Freddy Spencer—will meet at the Marlboro Race of the Year at Mallory Park on September 21.

Baseball

Motor rallying

The American League Team Canada will play the first game of the 1980 season. The first game of the 1980 season. The first game of the 1980 season.

American football

Construction in the Arab world

The architectural design of the new Arab world. The architectural design of the new Arab world. The architectural design of the new Arab world.

Cricket

Boxing

Baseball

Motor rallying

American football

Construction in the Arab world

Cricket

Boxing

Baseball

Motor rallying

American football

SPORT

Football

Restrained flutter in order for Forest

From Gerald Richmond
Oct. 16

The Bulgarians gave flowers to everybody at Sofia Airport but the experience of Nottingham Forest in the away legs of European Cup play was not so pleasant. The full front of a full house at the Levski Stadium tomorrow evening. On their way to two successive European Cup victories, Forest have lost only one away game, against Ajax Amsterdam in last season's final round. Set against that are two remarkable victories in Cologne here, in 1959, Forest won 1-0 and 3-3 draw at the club and in the final round of the year where a 1-0 home win was turned into a 3-0 triumph by three goals in less than 40 minutes.

Paradoxically, Forest cannot get right in the Football League. They have won an away game with each since their last defeat in January and have yet to score an away goal in the competition. They have lost at home and away to their two nearest rivals, Arsenal and Manchester United, but have earned a creditable 1-1 draw at home to the latter.

Forest are facing an almost insurmountable task in CSKA Sofia, the last of their European Cup games. They were formed in the Army team in 1948. Bulgarian journalists, who seemed to disapprove of the team, were not being allowed to leave the country.

Although Forest seldom make noise, Brian Clough will not lose his side until after rain tomorrow. He is a patient man, but a hamstring injury to Lloyd, who has been playing since the last season, and so far, this lack of Forest's second line, after Trevor Francis, has not helped matters.

Forest's transfer from Coventry to Nottingham was a move to a more secure base, but his role in attack may be hampered by the lack of a striker. A who do not travel well but can make a little on their own.

One of the more surprising aspects of the trial in which Forest is playing is the existence of a thriving casino on the top given Government approval. The source of the money is not clear, but it is a fact.

y programme

KELKERRAN STAKES (Amateurs: £1,188; 1m 7f)

101004 Macclesfield (C. McKillop), J. S. Wilson, 9-11, Eastern 6
0000000 Acet (R. McKillop), J. S. Wilson, 9-11, Eastern 6
1000000 Calloway (J. McKillop), W. H. Williams, 9-11, Eastern 6
0040000 Macclesfield (C. McKillop), J. S. Wilson, 9-11, Eastern 6
2124000 John Cherry (R. McKillop), J. S. Wilson, 9-11, Eastern 6

DOONSIDIE CUP (£9,615; 1m 3f)

143232 Macclesfield (C. McKillop), M. H. Bastard, 10-5, N. 5
2322000 Macclesfield (C. McKillop), M. H. Bastard, 10-5, N. 5
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2322000 Macclesfield (C. McKillop), M. H. Bastard, 10-5, N. 5
2322000 Macclesfield (C. McKillop), M. H. Bastard, 10-5, N. 5

ROYAL CALEDONIAN HUNT HANDICAP (4,487; 1m)

011041 Geoffrey's Sister (C. McKillop), J. S. Wilson, 9-11, Eastern 6
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011041 Geoffrey's Sister (C. McKillop), J. S. Wilson, 9-11, Eastern 6

SANDGATE STAKES (2-y-o: £1,488; 1m)

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GLINTON AND WINTON HANDICAP (4,488; 2m 1f 90yds)

011041 Geoffrey's Sister (C. McKillop), J. S. Wilson, 9-11, Eastern 6
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011041 Geoffrey's Sister (C. McKillop), J. S. Wilson, 9-11, Eastern 6

OLDBRIDGE HANDICAP (£2,300; 5f)

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TWO-TWO TWENTY HANDICAP (C. McKillop), J. S. Wilson, 9-11, Eastern 6

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British clubs must guard against the dangers of complacency

By Norman Fox
Football Correspondent

While some British clubs go gently into the first rounds of the three European cup competitions today, there are shadows to threaten the victory, and much to be learned by the four European Cup winners. The four successive seasons, that regularly expounded about the universal triumph of domestic competition was not fully justified last season.

The successes of Nottingham Forest and Arsenal in reaching the final of the European Cup and Cup Winners' Cup respectively, and England's qualification for the European championship, were high points but it was a club in the last 16 of the UEFA Cup. The West Germans filled all four of the semi-final round places, the two English clubs, Arsenal and Tottenham, were eliminated.

Poland, support the theory that the strength of their league was only skin deep.

Most of the season's reduced number of three European League representatives in the UEFA Cup, and the overconfidence, can be seen in the last round of the UEFA Cup. Manchester United, for instance, will probably find that their victory in the last round of the UEFA Cup, support the theory that the strength of their league was only skin deep.

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got over the hill. Widzew went to the top of their league last season and at the same time retained an unbeaten record with a defeat of Gornik.

Widzew are remembered in another corner of Manchester for dismissing City from Europe when Boniek was particularly impressive. Despite Italian attempts to secure his talents, Boniek remains at Widzew and tonight could be instrumental in keeping United from the three-goal lead they hope to establish.

Widzew expect to field their strongest team in spite of worries over the goalkeeper, Mlynarczyk, who has a broken finger. United themselves are in a hopeful mood after beating Leicester 2-0, and seeing Macari and Thomas recover from injuries. Dave Sexton, the Manchester manager, said: "It was nice to get five and see the team back together that played the first game of the season when they beat Leicester 2-0. They proved they are our best side."

Incidentally, United yesterday announced a pre-tax profit of £210,258 compared with £153,553 last year.

Wolverhampton Wanderers have a 2-0 lead over Arsenal in the PSV Eindhoven but with the advantage of a home second leg, the Wolves have a known. However, Ipswich Town have to go to Greece in a fortnight's time and no team enjoys playing there.

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unless holding a substantial lead. Their opponents at Portman Road tonight, Arsenal, would have been appearing in the European Cup had they won last season's league play-off against Olympique.

Arts have three members of the national team who played in the European Championship and last season they beat Benfica in the first round. The side developed under Frank Blount's brief guidance but he has been succeeded by Michael Vican who believes that at home Arts can avoid defeat this season. Butcher is expected to return to the Ipswich defence and Thyssen and Ooms have recovered from an accident.

Nottingham Forest will have respect for the Bulgarians, CSKA, Arsenal and Liverpool, the former European Cup holders, should have little to trouble them against Oulun Paallosaari in Finland despite the absence of three regular players, Johnson, Case and Alan Kennedy. Oulun will be playing his first European match whereas Liverpool have been competing for 16 years. Indeed, the Reds have played senior league football since 1907.

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Devonshire: with Brookline holds the key for West Ham.

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Tennis

By Rex Bellamy
Tennis Correspondent

Davis Cup draw

West Germany v Argentina,
Romania v Brazil,
Czechoslovakia v Italy,
Korea v New Zealand,
U.S. v Mexico,
France v Australia,
Switzerland v Czechoslovakia.

Matches to be played March 2-8.
Quarter-final round July 11-17.
Final to be arranged. 23-October

Bob Hope, the comedian, teams up with the United States Masters winner, Severiano Ballesteros, of Spain, in the Bob Hope British tournament at the RAC Country Club, Epsom, beginning September 25.

French's message could be 'salvation of rugby'

Rugby League

Charlton join the queue

Football club representatives were at Fulham's remarkably successful home match on Saturday last, and from one of them has come a direct approach to Rugby League headquarters at Leeds.

The arrival of visitors from Charlton Athletic, it is requested, will be a meeting between Charlton officials and the Rugby League secretary-general, David Oxley, who will be in the area on the possibility of the spacious Valley becoming another Craven Ground.

Early developments are not expected, since there is no likelihood of a team being formed before next season.

Written by the editor of the paper as North County, Luton Town and Bolton Wanderers, with Chelsea and Queen's Park Rangers known to have been among those present on Sunday.

Doncaster, who were beaten 14-11 after a last at half-time, at Batley last Sunday, have launched an official protest, claiming that the referee wrongly refused to allow a Doncaster substitute at a time when the visitors were down to 12 men, and that the referee was basing on the result of the game.

Peter Evans, Home Affairs correspondent of The Times on the crisis in our prisons—the subject of his new book:

And in two detention centres, Mr Whitelaw, Home Secretary, has introduced "short sharp shocks" as an experiment. One of the most shattering effects is to the philosophy that inspired the creation of the new Holloway Prison. Mrs Joanna Kelley, assistant director at the Prison Department, said in 1970 that it would be

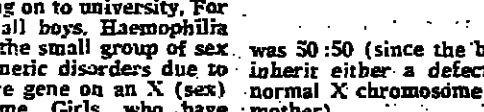
The underlying defect in haemophilia is lack of one of the proteins in the blood that combine together to make the blood clot. Effective treatment is to replace the missing clotting factor (factor VIII) could be replaced by transfusion of blood plasma from a healthy donor. Progressive refinement of this treatment has led to the development of a concentrated form of factor VIII that haemophiliacs could be taught to transfuse into their veins at home when most needed and to store in the refrigerator. Supplies of the concentrate

be applicable in particular both to the disobedient prisoner and the ideals of the prison service. It must articulate deeper values which underlie the law and are recognizable as such by ordinary people. The rule must give meaning to discipline within the service, which could otherwise become harsh and oppressive, and

Haemophilia, a rare sex-linked recessive disease, can develop in haemophilic only in the rare circumstances are defective. Boys X chromosome from their mother and Y chromosome from their father and so develop haemophilia if single X chromosome is defective.

The inheritance of the disease is not understood and counselling based on it is not possible. In families known to haemophilia, girls could not have any girl children would be free of the disease. In such families, being affected

Haemophilia, a rare sex-linked recessive disease, can develop in haemophilic family the of the bleeding tendency about the same. Not all the members of a family have been affected, and especially woman has already had with haemophilia she to have further children. The inheritance of the disease is not understood and counselling based on it is not possible. In families known to haemophilia, girls could not have any girl children would be free of the disease. In such families, being affected



Haemophilus, var. severity, but usually haemophilic family th

are defective. Boys with X chromosome from mother and a Y chromosome from father and so called haemophilia is called X chromosome is defective.

The inheritance of the was fully understood counselling became in families known to mophilia, girls could have any girl children could be free of the defect but their children being affected

of the bleeding tendency about the same. Notably, when several members of a family have been affected, and especially when the mother has haemophilia, it is probable that haemophilia is to have further children, they are not haemophiliacs practice that means the of any future progeny in which the foetus is

So in haemophilia several other genetic diseases are being continuing in parallel.

But Lord Denning is not denying any of this. In *R. v. Sheffield Crown Court* (*The Times*, March 4, 1980) he pointed out that the law was in any case often unclear, with five judges having recently interpreted it one way, and six the other. Although some think the law should always be clear, in practice it is not, and we have to have recourse to judges for authoritative interpretations. The only question is whether in interpreting what is unclear the law should be guided by common sense and give

what that intention was, and giving effect to it." Certainly, experience from across the Atlantic shows the unwisdom of forcing judges upon the functions of a legislature. Had though Parliament may have been at making laws, the Supreme Court is much worse. Lord Diplock is right in thinking that judges should not put themselves above Parliament, and that when Parliament has spoken, even if wrongly, its word should not be the last stand.

But although Parliament speaks often, it does not always speak clearly, nor is it

Prison Crisis is published by Allen & Unwin, with a foreword by Sir Robert Mark. £7.50 hard-back; £3.95 paper-back.

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genetic defect itself may be
correctable so making conventional
treatment unnecessary.
The second approach is the
search for better ways to
treat the fetus. In the case of
disorders early in pregnancy so
that parents can be offered the
chance of termination and the
prospect of bringing up children
without any handicap.

Sadly, as with so many medical
dilemmas, there is no clear
cut answer. The choice for
incoming parents lies between
two imperfect solutions.

Dr Tony Smith
Medical Correspondent

In rep with OTHELLO, PM 6.30.
Sat 2.00 & 7.30. RSC: also at The
Warehouse and Piccadilly Theatres.

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E. News. "Glorious & very dark. It's
wonderful to see how a exploit of the

[illegible]

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ACATHA CHRISTIE'S
THE MOUSETRAP
7.00 54.97. Wed. 6.07 1128

[illegible][illegible]

ENTERTAINMENTS THE ARTS

Béjart's view of Venetian life... and death

Don Giovanni
Geneva

John Higgins

On the evidence of the opening night of the season, life as the Geneva Opera under its new general administrator, Hughes Gall, is not going to be dull. When administration change is usually a hazardous business to assign the credits and debts of the first few productions between the man going out and the man coming in, but it seems fairly clear that M. Gall was the person who discussed with Maurice Béjart the first opera he has directed at Geneva's Grand Théâtre, *Don Giovanni*. And in view of the fact that Gall was for some time Rolf Liebermann's right arm at the Paris Opera it is likely, too, that he engaged Ruggiero Raimondi for the title role. That, though, was not too difficult a decision as Raimondi has few challengers apart from Minkes. At certain full Gall heard the



Huntsman and quarry: Ruggiero Raimondi and Maria Ewing sing "La ci darem"

On the evidence of his last major foreign opera, *Le Cid*, Béjart seems first at the Théâtre de la Monnaie in Brussels and later in Paris, Geneva would seem to have done well to confine Béjart's operations to the opera house. He is on the opera house, and the opera house is his. He is on the opera house, and the opera house is his. He is on the opera house, and the opera house is his.

Béjart declares part of his hand in the opening scene. Leporello stands before the curtain, a whey-faced clown topped by a mass of red hair. Stuffed Dean, who has sung the role countless times around Europe, may things, but never before, I suspect, to don the motley. At the words "far la semenza" he takes a corner of the curtain to wipe some of the sweat from his forehead. He is a French-speaking audience. Giovanni, by contrast, arrives on stage in his hunting clothes, which happen to be black trousers tucked into black boots with a black sword sticking from his upper torso. If your prey happens to be a woman, which according to Béjart is Giovanni's only quarry, then it is as well to be comfortably dressed, especially if it shows off your vitality.

There is no question of the master being able to the man

tormentors in the second act become credible. They are Geneva's revolving stage, but more often via Giovanni's retinue of like boys, also dressed in black and often wearing dark glasses, a habit inexplicably affected by their master in this gloomy light. They are the scene-shifters; they are a corps de ballet; they are the chorus. The Eumenides. They are Béjart's addition to the opera, just as Joseph Losey and his collaborators invented Giovanni's presence in the film of the opera which opens in London next week. And probably they are a mistake.

Béjart and Losey share not only the inspiration of the same corner of north-east Italy, Venice for the former and Vienna for the latter, but also Ruggiero Raimondi. No two dramatic interpretations could be more different and it says much for Raimondi's chameleon qualities that he is equally impressive in both contexts. For once Don Giovanni is almost omnipresent in the opera bearing his name; he listens to Anna and Ottavio determine on revenge in the opening scene and he overhears the aria in which his pursuers express their most private thoughts. He hovers at the back of the stage and strides across the front of it, whether as a spy or as the focal point of the obsessions of those who follow him.

The sliding pieces of scenery come together to form a solid courtyard or disappear entirely so that the trio of Minkes, Raimondi and Ewing are singing against a totally black background; then they reform to create a labyrinth of narrow streets so that for once Leporello's escape from his

practically all the musical difficulties. "Finch has da vino" is a rattle of bravura-style; the serenade has a velvety seductiveness; and there is enough vocal and physical strength left to allow him to stand up to the Commendatore in the final scene. (Béjart rather ducks Mozart's demands here by having Peter Meven, admirably sonorous in the part, sing off stage in order to try to establish the very dubious point that the governor and lecher are brothers in mortality as Giovanni finally assumes the death mask.) But Raimondi's greatest achievement is to put a totally different face on his interpretation of the part for a demanding director.

Stifford Dean too has that ability, one that is being demanded more and more of opera singers of our time. He produces the hop, skip and jump of a clown; he has a little book of Giovanni's conquests and a great big map to point out where they are to the ignorant. It is a performance like and engaging enough to go to the top of a music hall bill. Eric Tappin was a relaxed and courteous Ottavio and John Tomlinson the sturdy-voiced Masetto.

Against the male line-up the female team of paper looked decidedly inexperienced in the opera at least. By far the most accomplished performance came from Maria Ewing, a wide-eyed, pouting and sensuous Zerlina. She and Raimondi made "La ci darem" the turning-point of the first act, with Giovanni coming as close as he gets in the opera to sexual conquest and Zerlina suddenly seeing visions beyond her peasant world. In this duet and the later "Batti, batti"

The Servants New Theatre, Cardiff

Paul Griffiths

An Iris Murdoch opera? It was a tantalizing prospect that drew me to Cardiff on Monday for the first performance of *The Servants*, and a strange contrast to the opera house. For one could hardly have expected the exquisite analyst of feeling and motivation to find herself at home in the opera house of all places, nor did it seem that opera as a genre could be excessively important to a writer who consistently mispells "Pappageno" throughout her latest novel. However in adapting her own play *The Servants* and the Snow Murdoch proves herself fully proficient in the ways of librettists. Out of a flawed but fascinating original she fashions a neat little melodrama. The substance of the play, which lies in the subtlety of its characters and the master-servant relationships at work, is cut to the bone. Murdoch omits two important figures and greatly simplifies the rest, but she finds room to add words that chorus or aria will dissolve into music. The piece is made ripe for opera.

Enter at this point William Mathias. It was at his prompting that Murdoch undertook to convert her play into a libretto, and it is his music that must redeem the material. He tries hard. Much of the opera is tied to a dynamic and insistent *allegro* pulse that occasionally pushes the action forward with haste. And though he has dismissed Wagnerian leitmotif technique as "mechanistic", his score fairly bristles with tiny thematic units that tie together the three acts with bonds of steel, and sometimes sound that way too in their bright but stark orchestration.

As a musical construct the work is utterly straightforward and secure. As a piece of theatre, however, it leaves a great deal to be desired. *The Servants* is Mathias's first opera, and no one could doubt after seeing it that his expertise lies above all in the fields of choral and orchestral music. There are splendid almost oratorio-like

tableaux for the chorus of domestics that show a surfer for the principals. There is also a vignette to the orchestral writing that draws one's attention straight to the pit and, battering away at the mind, keeps it there.

This primacy of the orchestra is disastrous. Speeches and scenes appear to have been invented as instrumental forms, moulded to machines of driving ostinato pattern. It follows that the timing of the opera is often determined by musical rather than dramatic necessity. If a singer's contribution is too short for its accompaniment, then the orchestra simply carries on after the voice has faded while the cast do their best to maintain meaningful looks. If a scene is too long, the music itself develops some kind of momentum, the force is wasted in an orchestral postlude and the next scene must start again from scratch.

Obviously, this creates immense problems for the opera's producers. In this case Adrian Slack, and the dramatic feebleness of Opera presentation must be attributed to the work itself and not to him. At least he had some assistance from Patrick Robertson's revolving set, whose orbits helped occupy the time while the orchestra were loudly doing their own thing, their performance resilient and sharply profiled under the baton of Anthony Rose.

The cast was variable. Basil, the central European, and over whose intentions reform start all the trouble, is less central in the opera than in the play, and Nigel Douglas's costume in the role, coupled with his tendency to bray, made him a somewhat less than convincing. His consort Oriane, given a high-flying, almost hysterical soprano line, was incisively and beautifully sung by Eiddwen Hartry, but the basis of her performance was a firm, honourable Peter Jack from theatre, an attractive if insufficiently mysterious Marina from Claire Powell, a very strong Patrick from the Joll and loved dark Father Ambrose from David Gwynne. All of them, however, were servants without a master.

More guilt needed on opera's gingerbread

When the builders first moved into the derelict Grand Opera House in 1972, when a bomb at the Euston Road theatre had badly damaged the theatre, it shur, and a supermarket was planned for the site.

The Northern Ireland department was aware of the gap left in artistic life by the lack of a large theatre, and it enabled the province's arts council to purchase the building and to modernize and restore it, at a cost of £3m.

Although the opera house was itself never bombed, there were more than a score of damaging explosions nearby. Today there is no sign of its hazardous past.

The 1,000-seat auditorium has been restored to its original splendour, complete with plaster elephant heads. Good sightlines and acoustics are among other improvements.

An orchestra pit for more than 60 musicians and additional dressing rooms have also been provided. The facade, already fairly ornate, now sports a glass conservatory at first-floor level, overlooking the pavement to give space for a crush bar.

The opera house reopened on Monday with the sort of bill that must have been common in its early days, a mix of entertainment from mainly Ulster performers, with Heather Harper, the opera singer, Colin Blakely, the actor, and Benys Gwynne, the dramatic monologist, in the dramatic monologue *The Great Eye of the Little Yellow God*.

Attractions later this autumn include Val Doonican, the Northern Ireland Opera Trust, the Irish Theatre Company, and the Irish Ballet Company.

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Martin Huckerby

ART GALLERIES

THE COVAGE GALLERY, 9 Bedford Square, London, W.C.1. Exhibition of contemporary art, including works by R. Rauschenberg, J. R. Smith, and others. Open 10-6, 7-9 p.m. Tel: 01-637 1111.

THE ROYAL ACADEMY OF ARTS, Burlington House, Piccadilly, London, W.1. Exhibition of contemporary art, including works by R. Rauschenberg, J. R. Smith, and others. Open 10-6, 7-9 p.m. Tel: 01-637 1111.

VICTORIA AND ALBERT MUSEUM, 96, South Kensington, London, S.W.7. Exhibition of contemporary art, including works by R. Rauschenberg, J. R. Smith, and others. Open 10-6, 7-9 p.m. Tel: 01-637 1111.

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BRITISH ENTERPRISE EXHIBITION, 10, Bedford Square, London, W.C.1. Exhibition of contemporary art, including works by R. Rauschenberg, J. R. Smith, and others. Open 10-6, 7-9 p.m. Tel: 01-637 1111.

SPECIAL REPORTS

PERFORMANCE

LONDON'S NEW THEATRE

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Richard Williams

In the days when a jazz soloist was supposed to make a

striking entrance was of considerable importance. Now, days, when he may be preparing for an improvisation lasting half a side of an LP, his opening phrase is often no more than a gentle preliminary press-up, the fireworks being reserved for some distant climax. Of the handful of modern jazzmen who have retained the old virtue, Milt Jackson is the most eminent. He has made it such an intrinsic part of his style as Milt Jackson, the former stalwart of the Modern Jazz Quartet who is indisputably the old virtuoso, that he has broken the

He employs two kinds of declaratory entrance, serving both artistic and practical purposes. The first opens a piece, and is a simple, direct, and confident statement of the initial theme statement.

These figures, which go by in an emphatic whirl of notes, contain an extraordinary degree of subtle swing. Jackson is one of the few soloists whose own rhythmic activity can haul slothful accompanists up to his own level.

The accompanists for his current season are far from deficient, but one could take the measure of Jackson's continuing zest and desire for spontaneity by noting on the opening night how he subtly controlled Kenny Clarke's percussive shading how he quietly sang a line to his bassist, Kenny Clarke, to demonstrate the altered chords required in a blues, and how he led the applause for several discreet but pertinent solos by his pianist, Brian Lemon.

His repertoire includes many blues on which he is inexhaustibly eloquent, and several favourites from the postwar jazz repertoire. Benny Colson's lulling "Whisper Not" contained a ravishingly fingered vibraphone solo, and the same composer's "Remember Clifford" was a passionate

thrill.

British Coloured Books

1738-1899

is the title of the

Lucas Centre exhibition, and of its handsome catalogue, compiled by Pamela Freck, introduced by Ruari McLean and printed (electronically?) by the Westminster Press (£3.50). But for all the wide span of the dates in its title, it concentrates heavily on the hand-coloured engravings, aquatints, and lithographs that ornamented with such distinction the British books of the early decades of the nineteenth century. Popular and mass-produced at one end of the scale, like the shilling plain, one-and-sixpence coloured booklets from John Harris's "Cabinet of Amusement and Instruction", the true majesty lies at the other end with a brilliant succession of genre books: natural history, costume, topography, architecture, travel, whose mode of production, as well as whose artistry, precluded anything but short runs and aristocratic prices. (Ad-

Horizon

BBC 2

Michael Ratcliffe

I cried all the way through one of the best TV plays I have ever seen on Saturday, and again through one of the saddest films ever made the following night, so after *Langrishe, Go Down and Five Easy Pieces* (neither of which I had seen before) was quite relaxing to be sat down in front of *Horizon* and forced to take in nothing but information and facts for 50 uninterrupted minutes. The subject of Alec Nibbs, "Beyond the Milky Way" was the dramatic history of galactic research, and almost all of it was new to me.

The use of Haydn's "Representation of Chaos" prelude from *The Creation* at the beginning (so much more truly mys-

terious than the usual Wagner, Mahler or Strauss) nearly set me off again, but with that out of the way until the end all became so dense, instructive that I half expected we should be asked to put away our notes and take a little test at the end. Nibbs began with the Third Earl of Rosse's Monster Telescope in Ireland (1845) and ended with the infra-red technology in Hawaii and the space shuttle of the next few years which was described as the biggest advance in the observation of the heavens since Galileo. Each change has seen further and the ultimate aim is to discover the age of the universe—already, apparently, it is all time, no resist the thought that one day they are going to find Darth Vader in one of their black holes, but frivolity was not, for once, in order as clarity and compression, quarks and red shifts, held the field.

It still could not understand it all first time, nor resist the thought that one day they are going to find Darth Vader in one of their black holes, but frivolity was not, for once, in order as clarity and compression, quarks and red shifts, held the field.

The science of astronomy, it appears, is still exciting and experimental and clean. There were no signs in the programme of governments or foundations cutting down research grants or

of people shouting at gateways that none of it should be taken place; both normally central to the iconography of *Horizon*.

Furthermore the discipline is distinguished by the fact that the British are not only good at it but taking a prominent part in latest discoveries all over the world. Co-production with W.B.G.H. Boston enabled Simon Campbell-Jones's team to visit and film in California, New Mexico, Arizona, Hawaii and Australia as well as Jodrell Bank, and much of it looked very beautiful. Astronomers interviewed were likeable and articulate.

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Books

A virtuoso hand with colour

In Hall 5 of the printing technology exhibition at Birmingham a fierce machine in a cage turns out some 300 cut, dried and folded signatures for a printed book in a minute. Just across the piazza, in the Lucas Centre, Charlie Newington produces with infinite care a single coloured engraving of Lady Vaux (after Holbein) in about half an hour. The contrast marks the paradox of including a magnificent display of hand-coloured books in a trade fair that is showing the printing industry how to relieve itself of pell-mell of as many hands as possible.

"British Coloured Books 1738-1899" is the title of the Lucas Centre exhibition, and of its handsome catalogue, compiled by Pamela Freck, introduced by Ruari McLean and printed (electronically?) by the Westminster Press (£3.50). But for all the wide span of the dates in its title, it concentrates heavily on the hand-coloured engravings, aquatints, and lithographs that ornamented with such distinction the British books of the early decades of the nineteenth century. Popular and mass-produced at one end of the scale, like the shilling plain, one-and-sixpence coloured booklets from John Harris's "Cabinet of Amusement and Instruction", the true majesty lies at the other end with a brilliant succession of genre books: natural history, costume, topography, architecture, travel, whose mode of production, as well as whose artistry, precluded anything but short runs and aristocratic prices. (Ad-

ditions of the book are available from the Royal Library at Windsor; altogether unexpected that most of the others are from the Birmingham Public Library. How many other municipal collections can boast such treasures?)

The drawing together and cataloguing of this quantity of colour books is of great interest for the insight that it gives into the mind of an age in transition—the confluence of the inquiring, empirical spirit of the Enlightenment and the robust neo-Romanti-

cism. It is not accidental that so many of the books display a taste for the exotic, whether in the choice of subjects, or in the costume of China, or the excited discovery of English landscape, and there is a fascinating mixture of dedication to accuracy and a relish for the harmony of forms and colours. The profusion of Gould's lithographs of creatures in the nine folios shown here, and the sustained quality and charm of aquatints from the Ackermann workshop, which are the centre point of the exhibition, demonstrate how art in the book, at this time, comes close to art in the salon. (It is dreadful to think what a breaker would do if he got his hands on this little lot.)

Such virtuoso qualities however do separate these coloured books from the real world of the printing industry and it is a pity that the organizers of the exhibition have not done more to bring out the endeavours of Victorian experimenters to match hand-colouring by mechanical processes. There is half-hearted acknowledgment of the work of Edmund Evans, whose *Goldsmithe's Poems* and whose *Alighting-Doyle in Fairyland* may have, on some pages, been colour-printed from as many as 14 blocks, but if you want to see the pioneering work of such as Baxter or Fawcett or Owen Jones you will have to go to a companion exhibition at Aberystwyth. It is described, with seven others, in the catalogue, but only a very busy Grand Tour will get you to them all.

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Mr Ola Ullsten, Sweden's Foreign Minister, talks about his country's problems and prospects

Swedish sweet reasonableness may yet prevail

Has the Swedish model of a modern European state been broken beyond repair? In May this year the country was paralysed by the worst industrial troubles since the general strike of 1909, and there have been serious economic difficulties throughout the four years of non-socialist government that have followed the end of 44 years of Social Democratic dominance in 1976.

During this four-year period there have been two coalition administrations and one minority Liberal government; and Mr Ola Ullsten, the present Foreign Minister and Deputy Prime Minister, has held high office in all three. He is now leader of the Liberal Party and was Prime Minister of the Liberal administration that governed for a year before the general election last September.

No Swedish politician is therefore in a better position to assess the experience of these four years. Does it suggest, I asked him when we spoke after his address to the British Liberal Party conference on Saturday, that non-socialists cannot run the country on the traditional basis of harmony and sweet reason? Can the trade unions be handled only by a Social Democratic government?

Not at all, he responded. "It should be true, I don't think we should have had the very modest result we did in 1977"—a reference to the national wage settlement of under 2 per cent negotiated in that year. This was a perfectly fair rejoinder, so far as it went, but Mr Ullsten did

not pretend that it was an answer to all anxieties. On the contrary, he acknowledged that the government had made two mistakes in the spring. The first was in offering a package deal—including a price and rent freeze, tax reductions and food subsidies—if the unions would accept a very small wage increase. This failed to influence the bargaining but left the government in a difficult position when the settlement was at a higher figure than they had had in mind. The second mistake was in then going ahead nonetheless with much of the package deal, which was more than the economy could afford in those circumstances. So the government has had to claw much of it back again.

The settlement lasts only until the end of the year and negotiations for next year will soon begin. Mr Ullsten offered no easy optimism on the outcome. That would depend on the maturity of the unions and the government. There will be a meeting on Friday with the unions at which the government will attempt to present the economic picture as it is. This will not exactly be a negotiation with the unions, but ministers should. Mr Ullsten believes, try to make a modest agreement possible by indicating not only the bleakness of the economic scene but also the tax reforms and public expenditure plans they have in mind. Both sides should mean business in the sense of being prepared to adjust their position in response to the other.



Mr Ola Ullsten: pragmatic.

This sounds very much like the German system of Concerted Action, and is akin to what a number of Conservative politicians would like to see developed in Britain. It is also very much in accordance with the traditional Swedish faith in dialogue. Put the people representing the different interests together around a table, explain the facts to them and trust them to behave reasonably. The only trouble is that the Swedes did not behave reasonably in May. Nobody in Britain can afford to feel superior about that, but it is a sign that the Swedes have descended

to the same level as the rest of us. Can there be confidence that they will behave reasonably now, that the government's new approach will work? Mr Ullsten candidly acknowledged that he had no idea. But any Swedish government would have had difficulty over the past few years. The problems faced by non-socialist administrations have to a large extent been their bad luck in the sense that the Social Democrats left office just before the storm signals appeared. Mr Ullsten goes further and blames recent crises on the profligacy of their economic policies before 1976—though one must add that one could not in those years detect the non-socialist parties' more restrictive approach.

Has it really then made any difference having non-socialists in office? Or has it been simply a change of faces but not of policies? Mr Ullsten confessed that the suggestion was not entirely unfair, but he went on to speak of differences in attitudes. The Conservative government has increased taxes; the Social Democrats would have done so even more, and more readily.

But I had the impression that this kind of comment to the effect of a politician about his opponents had almost to be extracted from him. What seemed to flow more spontaneously was indicative of the man and of Swedish politics.

Mr Ullsten is representing two nations in Sweden. There is a very

solid measure of unity, of sharing of values, even though we must not brush all ideological disputes under the carpet.

These remarks illustrated both the Swedish instinct to find agreement wherever possible and the uneasy nature of the present coalition of Liberals, Centre Party and Conservatives. His comments were as he freely admitted an implied criticism of his Conservative partners. But then, "I don't think a coalition of this kind ever can be cohesive." There was "no other choice, just now," and "we shall have to muddle through—at least until the next election."

This is not due until 1982, but what then? That would depend upon the policies of the individual parties. He offered no guarantee that the coalition would be continued. Might the Liberals form a coalition with the Social Democrats then after the next election? He could foresee no conditions for that at this time, but he did not specifically rule it out either.

These were the cool, deliberate words of a pragmatic politician, concerned to manage the country's affairs in the most practical fashion. They were not the tones of an evangelist of an anti-socialist counter-reformation. As I listened to him, I could not help reflecting that that seemed a long way off in Sweden.

Geoffrey Smith

Bumpy flight patterns round the world

British Airways' decision to withdraw 50 services a week this winter and to take other drastic economy measures in an effort to remain in the financial black is symptomatic of a disturbing trend which is affecting almost all of the big international airlines this year.

World recession, and particularly the rapidly rising cost of aviation fuel, is hitting all the airlines so hard that it will be the exception which reports a profit at the end of the current business year in either December or at the end of March 1981.

Even during the peak summer period just ending, when airlines expect to make large profits to subsidize the thin winter months, most reported losses.

In July, the most recent peak month for which the airlines have entered returns, the traffic carried by the eight biggest trunk operators in the United States was 9.2 per cent down on the figure for July last year. This was the average, and individual airlines did far worse. Trans World was down by 14.1 per cent, Braniff by 13.3 per cent and United by 12.1 per cent.

And, from Brussels, the Association of European Airlines reports that the first six months of this year is likely to have been the worst for traffic growth since the middle 1960s. The association originally estimated that there would be no growth this year compared with 1979; but it is now revising this to forecast that traffic will in fact go down.

If this does happen, it will be the first fall in airline traffic in Europe in the past 14 years. The number of seats sold on flights within Europe are down by six per cent on 1979 and by five per cent on later continental operations.

The reasons for the slump in the airline industry's fortunes are the same in both Europe and the United States.

The world business recession has meant that many companies have stopped flying executives around the world or are sending them at a lower class of fare than before, so producing lower revenue for the airlines.

This trend has been intensified by the large-scale increases recently introduced in an effort to meet higher fuel prices. Leisure travel has held up reasonably well, but there is increasing competition for a

dwindling amount of discretionary income, particularly among the two million people who are out of work in Britain.

The coming winter could be particularly bad time for the airlines, and so the industry is taking drastic measures. British Airways is no real exception. This winter it is cutting 51 services by 51, and the number of flights between Europe and North America will be cut by thousands. Empty seats each week, it is better to have a few of them filled in return for a revenue.

Fuel at around \$1 a gallon compared with 15 cents in the early days of 1973-74, is becoming the biggest cost for most airlines, overtaking wages and salaries. Any fuel price increases in the few months will throw the airlines into even deeper debt and could even bring a threat of bankruptcy for some.

More immediately, the airlines are fighting to stay something approaching a high path by slashing their services. Some will be reduced in frequency; some be combined so that one liner serves two or three on the same flight; some be suspended altogether.

British Airways/Singapore joint service between London and Singapore via Bangkok will be cut. BA will save £7 million in a year by withdrawing it in November.

The travelling public will be inconvenienced by the cuts. This winter BA will stop services from Gatwick to Belfast, Frankfurt and Zurich. From Birmingham, it will cut services to Heathrow, Tokyo, and Moscow.

Ironically, timetables on air routes are being slurred down because of economic downturn at a time when the passenger airlines are particularly hard hit. As a result of President Carter's deregulation, which allows operators to virtually where and at what time they wish to fly, this traumatic period will be good for passengers. British ways has made a promising by cutting deeply into its routes, but airlines are still to be seen in the sky. The airline will continue well 1981, and even more price increases may have to be if the industry is to survive anything like the form in which it is known today.

Arthur R
Air Correspondent

Business is booming at Bookshop-on-Wye

Hay-on-Wye, known for some years as the home of the world's largest secondhand bookshop, has now also spawned a clutch of independent bookshops to create a mecca for the acquisitive bibliophile. As well as Mr Richard Booth's original massive empire, housed in a selection of properties around the town, about 10 other people have set up alongside, some dealing in books for others specializing in areas such as religion, French literature, music, poetry, natural history and the stage. As a result, books are putting Hay on the travel map in the same way as London's Hatton Garden attracts those interested in jewellery and Portobello Road is known for its antique and bric-a-brac stalls.



Mr Richard Booth, whose vision transformed Hay-on-Wye.

It may strike some people as strange that a tiny Welsh town of about 1,500 inhabitants, which used to have the agricultural community, has found such a different role serving those who love to browse, read and line their shelves. However, Mr Booth, who began the transformation nearly 20 years ago when he set up in business, says emphatically: "It's totally logical and a good idea to have a town full of books."

Having set up his vast organization, which now buys in more than a million volumes a year and sells slightly under that figure, he has actually encouraged competition from

former employees, outsiders and indigenous residents. Booth's of course, is still the biggest. Last month, he opened a huge new central outlet called The Limited in a building which used to sell agricultural machinery and other farming requirements.

In addition, he still has the former Plaza cinema, a former warehouse, complete with worn brass strips to protect the brown linoleum on the stairs, a stone building near the castle where every volume costs just 30p, sheds up near his home full of periodicals and a print shop, which counts in his business tally, if not so directly

concerned with books. To the first five, then, must be added two generalists and nine specialists, most of whom sell other books as well. One does bindery, too. There is also a retired man who advertises his services in the book search business and is prepared to comb the often dusty shelves round the town for special requests.

Mr Booth believes about 110 jobs in Hay relate to books and hopes this will more than double in the next few years as still more bookish enterprises cash in on the town's growing reputation. Already there can be no doubt that other local traders benefit from the regular invasion of British, continental and even Japanese bookworms, many of whom combine walks on the local Black Mountains with equally exhausting mental exertion as they sift through thousands of titles a day.

"The chief industry is books. There's never been a place like it," says Mr Michael White, the first person to catch onto the idea that more bookshops and more books should be to everybody's advantage. He was running a shop in London and visited Hay as a buyer.

A bookseller, says Mr White, tends to be acquainted rather than know every page of their books. "He starts a book and somebody comes in and buys it."

He's an expert on the first chapter," he adds.

"There's a giant who strides this shop. His name is Customer. Mr White says with a laugh. "You have got to be all right with the customer. He's a particular book. He has travelled a long distance. We can only say 'We haven't got it.' They burst into tears. It's a curious thing. They think the further they come the more likely the book is to be there."

A man in shorts with two boys comes in searching for Alexander Dumas in English or French. He has got all the ones Mr White has in stock upstairs but fortunately does not burst into tears.

Mr Geoffrey Aspin, up the street specializes in French and earlier books and arrived last September. He came for a day trip after a gap of eight years, had lunch with Mr Booth, saw a shop for sale and within an hour had agreed to buy. A lecturer at Liverpool University, he was already in the book business, having first started as a collector. His French customers have followed him to Hay and he now attracts speakers for a role of the book. The French are fanatics about condition, will wait a lifetime for

the perfect specimen and then be prepared to pay a small fortune.

Mr White admits they spend the winter buying books from each other (they have to make their money in the summer) and another bookseller talks of the vultures who come down to their field and then bear a retreat. Sometimes outside booksellers also carry off remainder stock, which is bound to accumulate, given, in particular, Mr Booth's propensity to acquire whole libraries. "It's easier to buy 20,000 books in America than three or 4,000 books in Britain," says Mr Booth. Only recently, three container loads arrived from Minneapolis and other places in the United States with about 160,000 volumes.

In talking, 42-year-old Mr Booth admits to a habit of the next and back again with speed and bewildering mental dexterity. "I take the view very strongly that everybody wants books," he says and launches into a tirade against bureaucracy, which he believes has led to the introduction of public libraries led to a lowering of the quality of books. "An odd phenomenon," he adds.

He is writing a series of rural revival pamphlets, one of which is on the subject of the abolition of the Welsh Tourist Board, another concentrating on the need to bring back the horse.

Judy Hillman

Bernard Levin

The man who made me drunk on Shakespeare



Sir Donald Wolfit: a gargantuan feast.

"the kind of thing one used to get from Wolfit on a bad night". Now on the kind of thing one used to get from Wolfit on a bad night, I consider myself something of an expert, for I cut my Shakespearean teeth on him and his company, and appalling though most of it was, I remain very deeply in his debt.

At the moment, of course, there is no need to take my word for it, in Mr Ronald Harwood's admirably dramatic and entertaining play *The Dresser*, at the Queen's Theatre, there is a full-sized portrait of Wolfit. Naturally, it is not just a photograph; Mr Harwood has drawn on the real man to make a theatrical character with a life of his own who in many respects does not resemble Wolfit, but the inspiration for the character is clear. (The curtain speech, with what the late T. W. Worsley called "the same exhausted clutch of the curtain whether he has been laying himself out with Lear or trotting through twenty minutes of Touchstone", seemed to me to

that he could not bear to have near him anyone who might take from him one microwatt of his limelight, and therefore filled his company with some—no, practically all—the most dreadful grotesques who ever stumbled on to a stage. (There were occasional exceptions, as for instance, the actor called Anthony Euirel, but Wolfit's almost insane jealousy ensured that their roles were so subordinated to his that they had little chance to achieve anything in their own right.)

He professed a great veneration for Shakespeare, but in practice treated him as just another walk-on, existing only for the greater glory of Wolfit. He butchered the texts to keep himself in the middle of the stage; his *Hamlet* ended on "Good night, sweet Prince. And flights of angels sing thee to thy rest," his *Othello* with "No way but this. Killing myself, to die upon a kiss," and his *Twelfth Night* with an elaborate dumb-show of Malvolio returning and being reconciled to those upon whom

he has sworn to be revenged. Whole scenes were excised if they did not include Sir, and other characters' speeches gutted if they took the attention away from him for too long; his entrance was accompanied by the precipitate flight of the rest of the cast upstage, for the audience should be kept their attention to stay in the wrong direction; and who beside any player who lingered on his cue. Wolfit was, in short, the last of the Victorian actor-managers, and in some ways he went even further than they did. He would never, for instance, refer to *Hamlet*, *Othello* or *Shylock* by name; no, they were the Dane, "the Moor" and "the Jew," and the ornate language in which he would thank the audience at the end of the performance was the kind of thing that Shaw was already jeering at in the 1890s.

And yet there must be tens of thousands like me, whom he introduced to Shakespeare in performance and who, like me, bless him for it even as we smile. In those days there was

the old Vic, still in St Martin's Lane and comprising what may have been the greatest theatrical company ever assembled; it included Olivier, Richardson, Guinness, Sybil Thorndike and Hugh Casson, Pamela Brown, Joyce Redman, George Relph, Peter Copley, Margaret Leighton and many more of their like as the stage of the Abbey (if I may say so) would hold. There was also John Gielgud at the Haymarket, with Leslie Banks and Fay Compton, among others. But these, though they included Shakespeare in their repertoire, did so as only one playwright among many, like the National Theatre today, and although some of the Shakespearean productions were superb (chief among them Gielgud's last *Hamlet*) remain among the finest I have ever seen, they were not a substitute for a full Barreille and, a fortnight in Stratford-on-Avon every few months being beyond my means, the next best thing was Wolfit.

Wolfit took the old Bedford Music-Hall in Camden Town

(its appearance, though it was demolished many years ago, will be familiar to anyone familiar with the work of Sickert) and played morning, noon and night. Add morning, noon and night the infant Levin was in his seat, aged and ailing with the living works of Shakespeare.

Some weeks, I recall, I went seven times—all six evenings and the matinee. After the performance I would go home and read the play I had just seen (discovering Wolfit's editorial technique in doing so), then go back next day for more. I was drunk on Shakespeare; in a sense, I have never sobered up since and God forbid I ever should. Perhaps it didn't matter how I got the hard stuff, and any other Shakespearean company would have sufficed. I am certain, though, that I could not have acquired it from the printed page alone, or even from the book together with the star-filled productions elsewhere. It was the gargantuan feast on Shakespeare which

Wolfit provided that gave me to begin to understand why this man was the greatest playwright who has ever as I had already begun to why he was the greatest actor. Obviously, in those days, he could not have said what I heard with the product with most of the acting, the dreadful costumes, ragged tatters from the dress cupboard. All could do to sit openmouthed in the lines, and then go, delecting what I had heard.

That is what Donald V megalomaniac old ham it he undoubtedly was, as adolescent in the 1940s, that is why I sit uneasily I hear him just seen (*discovering Wolfit's editorial technique in doing so*), then go back next day for more. I was drunk on Shakespeare; in a sense, I have never sobered up since and God forbid I ever should. Perhaps it didn't matter how I got the hard stuff, and any other Shakespearean company would have sufficed. I am certain, though, that I could not have acquired it from the printed page alone, or even from the book together with the star-filled productions elsewhere. It was the gargantuan feast on Shakespeare which

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SCOTTISH DIARY

A tremor of a breeze over Gaelic

Gwynfor Evans has caused quite a shuffling of feet in the Scottish Gaelic. His resolve to fast to death in support of the Welsh language sharply underlines the difference in attitude of Welsh speakers and the Gael.

His appeal to the Scottish National Party was that of the head of one nationalist group to another, although the SNP, unlike Plaid Cymru, has never made Gaelic a keystone of its political argument. The Scots prefer oil and economics to the emotional tribalism of language, and if Mr Evans was a Gael he would indeed have much to fast about.

An Comunn Gaidhealach, the Gaelic Language Society, has argued gently over the years for a full and proper recognition of the language. The odd roadsign has been daubed, the BBC has agreed to repeat its excellent Gaelic lessons and the Western Isles Council representing the only part of Scotland where Gaelic approaches the Welsh ratio of native speakers, has at last embarked on a full bilingual policy. There is even a transla-

tion service in English and Gaelic in the council chamber. In addition a film company, a publisher and a theatre group all produce work in Gaelic. Run Rìg, a rock group, performs in Gaelic. On Skye, where a college teaches the language, Ian Noble, a convert to the Gaelic cause, argues that the language and the culture it represents are as precious and worthy of preservation as any historic building or painting.

Apparently on the coast falls of Mr Evans' campaign for a Welsh television channel, an independent campaign to preserve Gaelic as a living language has been launched by a pressure group called Sri, which means struggle. The principal aim is to persuade the BBC and independent television stations to increase Gaelic broadcasting from the present 30 minutes to 12 hours a week.

But the fact remains that support for the language in Scotland is very patchy. In Shetland, for example, the opening of a Chinese restaurant in Lerwick means the islands probably have more Cantonese than Gaelic speakers.

Gael might well envy the relative strength of Welsh and the concessions Welsh speakers have already wrung from the Government. Colin Spencer, education director of an

Comunn complained: "The English-speaking majority does not fully understand that the right to one's language is among the rights recognized internationally by the United Nations and the European Commission of Human Rights. People striving to ensure that their minority language survives are as much dissidents as those behind the Iron Curtain for whom there is great regard and respect."

But angry assertiveness is not historically in the temperament of the Gael. A blessing for their character but a curse for their language.

Quango hunt

Top jobs are vacant in Scotland's two provincial quangos. The Scottish Development Agency is looking for a replacement for Lewis Robertson as chief executive at a salary of £28,250, and in the Highlands Sir Kenneth Alexander is anxious to hand over the chairmanship of the Highlands and Islands Development Board to take over as Principal and Vice-Chancellor of Stirling University.

Interviews for Mr Robertson's successor have begun with head hunters tracking down the right man for the job, but in the Highlands there is no word

of any taker for the congenial £21,750 post.

The latest whisper is that Russell Johnston, Liberal MP for Inverness, could be the man. He has the status, expertise and commitment to the Highlands. As an MP he has a strong personal vote in Skye, where he was born, but because of boundary changes Skye will be detached from his constituency at the next general election. A by-election would be fought on the present boundaries, giving the Liberals the stronger chance.

But if he wanted the job, would Mrs Thatcher offer it? The Scottish Office felt sure there were examples of government appointing individuals from district parties to head quangos but could not actually think of one. Much might depend on whether the Government felt that Mr Johnston's political territory could be turned Tory.

A merging of two other quangos with headquarters in Edinburgh is under way to meet the changing shape of the fishing industry. The Herring Fishery Board and the White Fish Authority have shared offices in Sea Fisheries House, Young Street, for several years. In that time the herring industry has declined to a point where it barely needs a board

to support it and the WFA has divided its work first with the home industry and secondly with some lucrative overseas consultancies.

Charles Meek, the WFA chairman, says that overseas development work has taken British fisheries expertise to 40 countries and earned something like £7m that has helped support services to the British industry.

"We don't yet know what the structure of the new organization will be but the Government is bound to be thinking about direct representation from all sections of the industry. I sympathize with that in principle but it will be very difficult to achieve."

The 250 WFA and HIB staff have lived with uncertainty for a long time and a decision about the future is hoped for early next year.

Nuclear fall-out

In Scotland, the antonym for Bang, Scram and Con is Prong. The pro-nuclear group exists to counter the attacks on the nuclear industry by the Highlands Anti-Nuclear Group, the Scottish Campaign to Resist Nuclear Power, the Campaign to Oppose Nuclear Dumping, with plutonium shipments soon to start between

This is simply because more than 2,000 people in the area work at the Dounreay experimental establishment, where Prong has its base and where the latest nuclear scares have been reported.

"It is said that we are always on the defensive, always countering claims made by these other groups, but we do try to make it clear there is another side to the argument," said Bill Brown, secretary of the pro-group, who has worked at Dounreay for 22 years.

"Some people in the area are against nuclear energy but they are so few and far between that Bang and Scram have difficulty in recruiting anyone."

Prong sees its task as educational, overcoming fear bred from ignorance. Nuclear energy came into the world with a destructive bang from which it has not yet recovered.

Dropping in

Showering from the sky on Orkney in November will be a contingent of SAS soldiers whose arrival in Orkney is seen by the local Labour Party as deadly sinister.

Bob Hill, the secretary, complained: "We have asked what they are going to do and they refuse to tell us. There are some here in Orkney that are

rousing strong opposition to their arrival now make think."

Orkney had already "phoned" over the anti-persecuting the North Orkney Islands Board to a diesel surcharge, a normally law-abiding pool the prospect that they might be mined on a bi-farm land north of Strom.

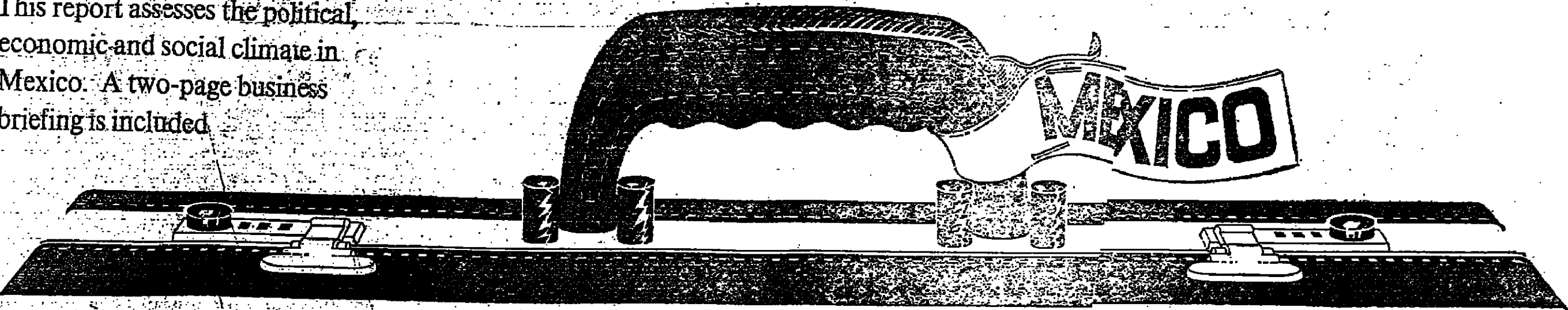
Other islanders take a welcoming attitude. One wall man thought the SAS were "arriving in Orkney in a friendly way, necessary in the kind of we lived in and if they were to release in Orkney, should be allowed to go with it."

Pity any night yachtsman into Orkney. The oil rig must rank as the most pervasive this side of the R. For a small boat to spend time in Orkney, a minimum of £10 a day map tie up side a rotting hull without the facilities offered by the ports for a fraction of the price. The harbour out says: "We do not accept pleasure craft here. Very busy."

Ronald I.

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This report assesses the political, economic and social climate in Mexico. A two-page business briefing is included.



Michael Frenchman looks under the sombrero at one of the six richest oil-untries in the world

The sleeping giant awakens



Drilling rig on the outskirts of Villa Hermosa, capital of Tabasco.

Photograph: Ed Mullis

Four-year development plan like 'dog without claws'

cs of Mexico's ambi-
four-year industrial
development plan have
been criticised since the
plan was unveiled. It
aims to decentralise
industry and create new
growth centres. One
critic says it is like
a dog without claws.
The plan is seen as
a leading social
and humanistic unit
professor says it is
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"A clear example is the loca-
tion of certain industrial
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federal district in unhealth-
y and noisy areas, and in
neighbouring towns. Their
growth is a result of inertia,
of a vicious circle that con-
verts the benefits of a com-
pany into a burden for
society to bear."
According to Señor
Ojeda, the Valley of Mexico,
where the Mexico City
metropolitan area sprawls
and houses some 15 million
people, is responsible for 50
per cent of the gross value
of Mexico's industrial goods.
His ministry aims to re-
duce this to 40 per cent by
1982, when President Por-
tillo's six-year adminis-
tration leaves office.
To try to do this, the
Government has divided
the Mexico into three zones
which will correspond to fish-
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The sleeping giant under the big sombrero that is Mexico is stirring at long last. Its awakening heralds an economic and political metamorphosis. It will have a big influence not only on United States and Latin American affairs but throughout the world during the next 10 years.

President José López Portillo's initiative in redi-
covering and exploiting his
country's oil wealth has given
it the power which its 65
million people, or at any rate
its politicians, have sought
since the 1910 revolution.
Now among the six richest
oil countries in the world,
with enough energy re-
sources to see it well into
the latter half of the next
century, it is indeed a for-
tunate country.

Not only has oil given the
country a new international
strength, but its revenues—
an expected \$9,000m this
year at least—will help it to
develop its innumerable
other natural resources. It is
already one of the world's
largest producers of silver
and phosphates, in addition
to other ferrous and non-
ferrous minerals. Other valu-
able resources include the
controversial one of agricul-
ture, together with forestry
and fisheries, all of which
have enormous potential.

Last year steel production
increased by nearly 5 per
cent to more than seven mil-
lion tonnes, making it the
second largest Latin Ameri-
can steelmaker after Brazil.
Although this reflects a
steady growth in output over
the past eight years, produc-
tion is being outpaced by
domestic demand. This is
partly because of short-term
production and financing dif-
ficulties, and because of the
sudden and almost over-
whelming demand for steel
by the oil industry and to a
lesser extent by the motor
manufacturers. In order to
meet these orders and those
from the construction indus-
try as well, Mexico is being
forced to import steel from
Europe, Japan and Brazil.

With most of the world's
Western motor manufactur-
ers in acute recession, it
is something of a surprise to
find that Chrysler and Volk-
swagen Mexicana are roaring
ahead. Predicted growth for
the car industry is about 20
per cent annually for the
next five years. With petrol
at a mere 37p a gallon, there
is an unprecedented demand
for cars, which are desper-
ately scarce—although any-
one who has been caught in
the Mexico City rush hour
would hardly believe this
possible. Mexico is also one
of the few countries in which
big investments in the motor
industry are taking place.

Today foreign investment
in Mexico is about \$6,500m,
with the United States taking
the lion's share at 75 per
cent. Next in line are West
Germany, 7 per cent, Swit-
zerland—5.5 per cent and
Japan—5 per cent. Britain
has fifth place with a mere
4.3 per cent (about \$200m).
This year new investment
expected to total \$1,100
overall, with a slight increas-
e on this for 1981. Again, the
United States takes the lion's
share with about 70 per cent.
Japan's share is expected to
triple during the next two
years.

Britain's total over-
all investment is about \$600m,
and only less than half
per cent is in Mexico. But
it is now investing in the
United States every month
as much as its total capital invest-
ment in Mexico.

It was in order to for
himself, and to attract
give a boost to Ex-
porters and invest that
Lord Carrington's Mexi-
co delegation of Mexi-
cans, including the Mexi-
cans' tour. But in-
vestors have missoppor-
tunities partly because they
are too easily put off by
arrive ill-prepared to
to understand the
the investment
they do not appraise the
advances of joint ventures
which are almost rigueur
for investors in develop-
ing country.

Mexico's new development
plan calls for \$1,000m a

year investment until 1990—comparatively rare
with an annual average of Latin America. Since the
1960s, when the 1911 revolution the Institu-
ción Revolucionaria (IR) has reigned supreme
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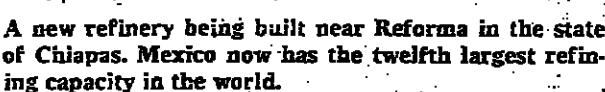
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Construction

The public steel industry,

When building materials are available, government projects get priority. Construction companies say that in terms of pesos being loaned out, no other Mexican government has built as much as this one.

S.D.



Mining

some time next year at walking time.
Salina Cruz and Laguna de
Ostion

the Mexican Mining Association said. "We did in just over 10."

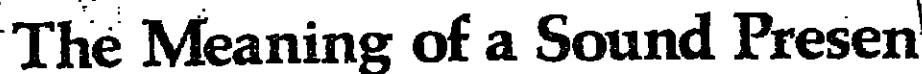
About 20 per cent of what the mine produces will be used domestically. The remainder will be exported.

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VALORES INDUSTRIALES, S.A.
A sound present assures our future



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MEXICO

the Mexican economy. The shopping basket will be distributed through the basic commodities agency (Consumo) chain or Diconsa shops, which already charges about 35 per cent less than the average in rural areas. The cost of the basket is estimated at 13 pesos a head and it will be sold for about pesos.

That is the plan in outline and clearly much remains to be done down by the planners. Nothing specific has been said about the livestock sector, but a separate fishing plan exists. For the time being, the hypothetical basket remains hypothetical—empty of meat, eggs, and fish.

The plan is firmly based on the target population of 9 million. Here a doubt arises. What will stop the rest—the 35 million or more undernourished Mexicans—buying the Diconsa shops for their basket from the moment the scheme gets under way? It is little things like this that make the best laid plans come unstuck.

A.R.

4.2m at the end of May, a increase of \$1.8m or almost three quarters of the \$727.3m increase in government overseas buying in manufactured goods. Sugar imports, which rose \$196m, and evaporated, condensed and powdered milk—\$18.6m—as well as grains, claimed a share of the \$2,200m in government purchases.

Meanwhile, manufactured goods accounted for 86.3 per cent, or \$1,300m of all private sector imports over the period. Private sector exports, valued at \$1,000m, were valued of \$2,030m, which covered 79.4 per cent of the \$2,500m import bill recorded by the sector.

A.R.

Exports rose only 2.8 per cent to \$60m from \$220.3m in 1976. Agricultural products accounted for 70 per cent of the total, with exports up to \$65m and metal and mineral exports by 9.1 per cent to \$98.2m. However, the manufacturing sector registered a loss of 9.1 per cent to \$103.2m in terms of value.

While agricultural exports were rising, imports in the same category rose even faster, causing the trade balance to worsen in the agricultural account. Such a situation is not new to the country. Imports of iron, beans and sorghum rose to \$319.7m, to \$322.8m this year. Increasing imports of iron, beans and sorghum cost \$141.5m in the first five months and accounted for 45.5 per cent of government imports.

Purchases of corn jumped from \$18m to \$115m, a rise of 786.7 per cent. Sorghum purchases rose from \$6m to \$12m, an increase of 100 per cent. Wheat purchases fell from \$4.3m to \$66.6m, a decrease of 21 per cent. In 1979 no purchases of beans were recorded, but this year, the country spent \$37m on beans from abroad.

The manufactured goods account showed a deficit of

pressed by an average of more than 50 per cent while only industries worked two shifts daily to reduce the wage-bidding list for delivery of goods.

Yet, the 29-stock price index has scored only a minor advance since the beginning of the year. Shares are selling at an average of eight times the 1978 annual earnings. This is about half of what it is a year ago, when the price index reached a peak of 30 months of an interrupted rise.

The Bolsa sprang from childhood to adolescence in 1978, when the volume of trading increased more than 100 per cent. The previous year, and the price rose 125 per cent. During 1978 and 1979 more money was invested in Bolsa shares than during the previous two decades. However, the steep 17-month rise in the price index ended last year. Since then, the price index has declined 28 per cent with a decrease in turnover and the number of new public offerings.

Some officials consider that the Bolsa is going through a consolidation period after an inflationary "Spencer later". Mr. Petricollid, the Bolsa will resume growth to reflect the new age of rapid economic expansion of Mexico.

Sidney Wise

members of the Grupo Alfa provided the creation of the HYL process, which reduces iron ore into sponge iron. A Mexican technique which has already been introduced to other countries in the world.

The Mexican genius has found suitable ground in Alfa, where we have placed at the service of Mexico our capacity for work, the latest in modern technology and a solid corporate structure to create the largest private enterprise in our country.

The creative genius of Mexico is the basis for
our future.

GRUPO INDUSTRIAL **Alfa**

FACTS AND FIGURES

For the traveller

How to get there

Berlin, the international airport, is about 20 to 30 minutes' drive from the centre of Mexico City. British Airways offers several direct flights from London each week, and will also arrange connections with other carriers by its New York and Miami routes. British Caledonian operates daily to Houston, where direct flights to Mexico City are available. Braniff and Pan Am also offer daily services via the United States.

The Aztec Eagle runs daily from St. Louis, Missouri, via Laredo to Mexico City. United States border town rail links are at El Paso, Nogales, Calexico, Presidio, Eagle Pass and Brownsville. All except the last two offer dining car and sleeper services. It is possible to travel by sea from Britain through the Panama Canal to Acapulco, but the services are only occasional and the trip takes about two and a half weeks.

Local travel

All the country's main commercial centres are linked by the state airline, Aeromexico, and Compañia Mexicana de Aviación, both of which offer daily services. Several international airlines, in turn, link Mexico City with other capitals around the world.

Night trains are available from the capital to Guadalajara and Monterrey, but these apart, the railways are unlikely to prove particularly attractive to the business visitor. An excellent network of paved roads exists, covering some 125,000

miles, but the distances between the important cities are considerable. The journey to Guadalajara, for example, takes about an hour by air and nine hours by road, while Monterrey lies 15 hours distant along the highway. Buses and coaches are available for both short and long-distance journeys.

Taxis in the capital are cheap, but their drivers often need guiding to the destination and as in London the cabs seem to disappear when it rains. Two-passenger Volkswagen, usually painted yellow, charge metered fares. Orange sítio taxis taken from a rank, or those used outside city limits, tend to be more expensive and the rate is best agreed in advance. The latter also apply to the tourism cars which wait outside the larger hotels.

Pesceros, or communal taxis, are green and white and ply the city's main thoroughfares, charging flat rates given by the drivers. Self-drive or chauffeur-driven cars are available but are expensive. The capital has a good, if somewhat limited, metro on which a flat fare is charged if a book of 10 tickets is purchased.

Local customs, advice to visitors

Titles are important to Mexicans, who expect them to be used both orally and in writing. Abbreviations such as Lic. (Licenciado), Arqu. (Arquitecto) and Ing. (ingeniero) indicate holders of degrees; if in doubt about the degree held, it could be tactful to use the term Licenciado rather than señor.

Because most of the important population centres are at high altitudes, where digestion is slower, Mexi-

cans take the main meal of the day in the early afternoon; this is why many businessmen are not available between 2 pm and 4.30 pm. Traditional dishes include tortillas (thin flat pancakes made from maize (shredded meat, cheese, chicken, eggs or vegetables folded into a tortilla and fried); enchiladas (tortillas filled with meat or cheese and cooked in a tomato sauce); tamales (cornmeal wrapped in banana leaves and filled with meat or other ingredients); and mole (a sauce made from chocolate, chili and a dozen or more other ingredients).

Most of the main provinces as the capital, offer hotel accommodation, but the quality varies considerably. Value-added tax of 10 per cent is put on hotel as well as on restaurant and bar bills. It is not unusual for 10 to 15 per cent to be added to hotel bills for service. Porters look for about five pesos a bag and bell boys for one or two pesos.

Taxi drivers are tipped only when a special or extra service is given. In restaurants the tip is usually 10 to 15 per cent, and in bars 10 per cent. Cloakroom attendants are given about five pesos. Theatre ushers take one peso.

Importation through customs of fruit, plants and flowers is not allowed, but this apart there are no particularly restrictive regulations. If in doubt, check with embassy officials.

Travel documents needed

Visas are not required for entry into Mexico, but a passport is, of course, neces-

sary. Tourists must obtain a card for either single or multiple entry; these are issued free by the Embassy's Consular Section in London or by airline offices.

Business visitors are asked to apply to the Embassy's Consular Section for an application form for a business card. The form should be returned with the passport, two passport photographs, and a letter from the traveller's company indicating the kind of business to be transacted, the names and addresses of Mexican companies to be visited, and details of who will be financially responsible for the visitor during his stay in Mexico. A fee is charged for a business card. As in most other countries, immigration regulations can change rapidly: consult the Embassy for details before departure.

Language

The official language is Spanish, but English is widely used in business affairs. About 10 per cent of the population speak only Indian dialects.

Hotels

Mexico City: Telephone 1: Alameda 5180520 2: Aristos 5330550 3: Camelia Real 5345960 4: Continental Hyatt 5180700 5: Maria Isabel Sheraton 5358060 6: Presidente, El 8342025 7: Presidente Chapultepec, El 2507700 8: Reforma 5469680

Telex: 01772416 01771067 01773001 01773983 01772432 0665444 01776392

Note: The initial 0 should be omitted when telephoning from the United Kingdom.

Embassies

Mexican Embassy in London, 43 Belgrave Square SW1X 8QY. Entrance to Embassy and Consular Section, 3 Halkin Street, SW1X 7DW. Telephone: 01-235 6393/6. Telex: 918276.

Ambassador: Dr José Juan de Oñatividad.

Minister Counsellors: Sr Lic Hector Cardenas and Dr Tomas Penaloza.

British Embassy in Mexico City, Calle Rio Lerma 71, Colonia Cuauhtémoc, Mexico City 5 DF. Telephone 511 4880 and 514 3327/3886/3686. Telex: 1773093 a/b 3093 UKEMMX.

Ambassador: Norman E. Cox.

Minister Counsellor: Keith E. H. Morris.

Counsellor (Politics/Economics) and Head of Chancery: A. Leicester. Clerk: C. Coleman.

There are British Consular offices in Mexico City, Acapulco, Guadalajara, Mérida, Monterrey, Tampico and Veracruz.

Shopping

Look out for silver items, hand-tooled leather, antiques, jewelry, paintings, sculpture, glassware and embroidered dresses. An extremely wide range of handicrafts is practised, and exotically patterned baskets, masks, toys and embroideries are on offer everywhere.

What to wear

For Mexico City, the rule is 'lightweight suits for men in the summer, European-style clothing in the winter'. Women will be most comfortable in silk or cotton dresses during the hotter months and in light wool or jersey suits around the turn of the year. Cocktail dresses and a light coat or wrap are useful for evening functions.

A light raincoat and/or umbrella will be needed in the rainy season, and sunglasses are advisable. Good fast dry-cleaning and laundering services are offered by the larger hotels.

Sport, leisure and entertainment

Mexico City and other important towns offer performances of opera, ballet, classical music and plays by both national and international companies. Films and variety shows are also popular.

Mexico City's National Museum of Anthropology is regarded as one of the finest in the world and should not be missed.

One of the most popular spectacles is the sun at Jumil-type presentation at the Pyramids of Teotihuacan, functioning from October until May and reached by about an hour's bus from the monument to the Revolution.

The Ballet Folklórico presents Mexican Indian dances and costumes. Pop, jazz and band concerts are staged in the parks on Sundays, together with other amusements. Most of the larger towns and cities arrange bullfights and rodeos (charreadas).

Soccer is one of the country's most popular sports, but almost every type of game is played. Because of its extensive coastline, Mexico is particularly active in aquatic sports and fishing.

Hunting licences are offered by most of the states. All the important cities have a flourishing night life, with most of the best bars situated in the hotels.

Currency

The Mexican peso is divided into 100 centavos. Coins are issued in denominations of 20 and 50 centavos and one, five and 10 pesos; notes are to the value of 10, 20, 50, 100, 500, 1,000 and 10,000 pesos. The £ is worth 53 pesos. Most Europeans find no great transactions, especially in the United States, which are readily negotiable.

Time differential

Greenwich Mean Time minus six hours (C Standard Time) applies to most of Mexico. GMT seven hours (M Standard Time) is used in the Gulf of Mexico and the Gulf of California. GMT minus three hours (Pacific Time) is used in the northern part of the peninsula between the Gulf of California and the Pacific Ocean.

General

History

Of the six main pre-Columbian civilizations in Mexico, perhaps the best known to Europeans are those of the Mayas and the Aztecs. By the start of the sixteenth century, almost all of southern Mexico was under Aztec control.

Hernán Cortés arrived at Veracruz with 500 soldiers in 1519; his conquest of the area for Spain was made easier by the conviction of the Aztecs, under Moctezuma, that he was the god whose arrival had been foretold to them in a prophecy. As the final quarter of the century opened, more than 160,000 Spaniards held sway in an empire which extended from New Mexico and Florida in the north, through Central America and down into much of South America.

Over the years that followed, the country was largely converted to Christianity and the Indian and Spanish traditions intermingled to produce distinctive Mexican architectural and sculptural styles. Resistance against Spanish rule flared into open revolution in 1810, and 11 years later the people of Mexico declared themselves independent. War with the United States, which broke out in 1845, ended three years later with Mexico giving up control of Texas, New Mexico, Arizona and California to its northern neighbour.

French forces invaded the country in 1862 and installed Archduke Maximilian of Austria as Emperor. Five years later, Maximilian was executed and Benito Juárez restored the republic. After the latter's death the country came under the control of the dictator Porfirio Díaz and large sums of British and American capital began flowing into the Mexican economy. The Díaz regime ended with the great revolution of 1910; internal division followed, but by the late 1920s Mexico had a new constitution and the focus on which to build stable government.

Main cities

All roads lead to—and from—Mexico City, which perches nearly 7,400 ft above sea level against a backdrop of the snow-covered volcanic peaks of Popocatepetl and Ixtaccihuatl. One of the largest cities in the world, with a metropolitan population of about 16 million and an unenviable air pollution problem, the Mexican capital is also the oldest in continental America. The Aztec capital, Tenochtitlan, was built on the site in the fourteenth century, only to be razed by Cortés almost 200 years later and replaced with the beginnings of the city as it is known today. Mexicans call it simply Mexico or the Distrito Federal.

In addition to acting as the hub for the country's extensive transport network, Mexico City is also by far its largest industrial commercial and financial centre. But Guadalajara, to the west, houses a great deal of light industry and acts as a distribution centre for the west central area; its population is thought to be about 2,200,000.

To the north, and fairly close to the border town of Nuevo Laredo, is Monterrey. Much of the country's heavy industry is located here. It has almost two million inhabitants, and possibly because of its proximity to Texas has a more American air about it than other Mexican cities. Mexico's principal ports are Veracruz, Tampico and Coahuila de Zaragoza, on the Gulf of Mexico, and Acapulco, Guaymas, Mazatlan and Salina Cruz, overlooking the Pacific.

Country

Occupying the southern part of the North American continent, Mexico has extensive borders on the Pacific Ocean, the Gulf of Mexico and the Caribbean. The total area covered is about 760,000 sq miles.

The southern end of the Baja California peninsula in Mexico is the Sierra Madre Occidental and runs parallel with the west coast. It terminates in a series of transverse volcanic peaks. The Rocky Mountains become the Sierra Madre Occidental and follow the line of the eastern seaboard. Between the two ranges is a high plateau. To the west is the mountainous peninsula of Baja California, which is separated from the mainland by the Gulf of California. The country's southern borders are with Guatemala and Belize (formerly British Honduras).

The low-lying coastal regions are tropical and are known as the Tierra Caliente. Above them, ranging from 3,000 to 6,000 ft, is the Tierra Templada, or temperate region, and on the plateau the Tierra Fria, or cold region.

Much of the country's border with the United States is marked by the Rio Grande del Norte, which is navigable for about 70 miles from its mouth in the Gulf of Mexico. Other important watercourses are the Rio Grande de Sinaloa, the Rio Balsas and the Rio Papagayo.

Climate

Mexico City, on the country's central plateau, is usually dry from October to May. During the wet season (June to September) rain falls for two or three hours on most days. Because of its altitude, the city's night temperatures seldom exceeds 13°C (55°F), and sharp frosts are experienced from December to February. Average day temperatures range from 19°C (66°F) in December to 26°C (78°F) in May.

Guadalajara's temperatures are slightly higher than those of Mexico City, while Monterrey has extremes. Because of its geographical situation and the mixed nature of its terrain, Mexico's climate is extremely varied.

People

Three in every five Mexicans are mestizos, or people of mixed Spanish-Indian blood. About 30 per cent are native Indians and the remainder people of European (chiefly Spanish) origin. About a fifth of the total population lives in and around Mexico City. While there is no official religion, the vast majority of Mexicans are Roman Catholics.



The Palacio de Bellas Artes in Mexico City.

Public holidays

1980

El Grito, anniversary, Sep. 16

Independence Day, September 16

Mexican National Day, October 12

All Saints' Day, November 1

All Souls' Day, November 2

Anniversary of the Revolution, November 20

Day of Our Lady of Guadalupe, December 12

Christmas Eve, December 24

Christmas Day, December 25

1981

New Year's Day, January 1

Constitution Day, February 5

Juarez's Birthday, March 21

Maiden Thursday, April 16

Good Friday, April 17

Labour Day, May 1

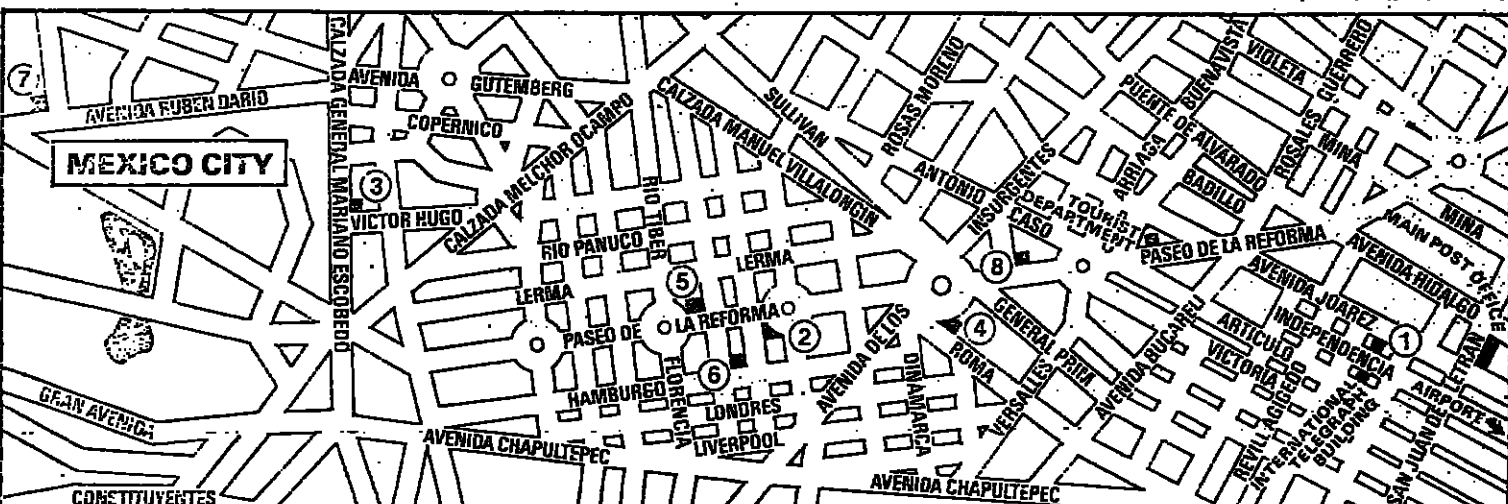
Battle of Puebla Anniversary, May 5

Health, water supplies

Visitors to Mexico (advised to avoid too much sun) should take the first day or two to find themselves rapidly in the atmosphere. Digestion is slower at higher altitudes, so over-indulgence should be avoided. While in the larger cities, to drink, stomach up to be minimally by not raw salads or vegetables. Some experts suggest visitors intending to tropical zones should be vaccinated against typhoid, cholera and polio. Smallpox vaccination is no longer required unless the visitor is arriving from an area. Medical services are available in all cities. There are British and American hospitals in the capital.

The flag

Three vertical stripes of green, white and red, the national flag of Mexico, with the national coat of arms in the center of the white section.



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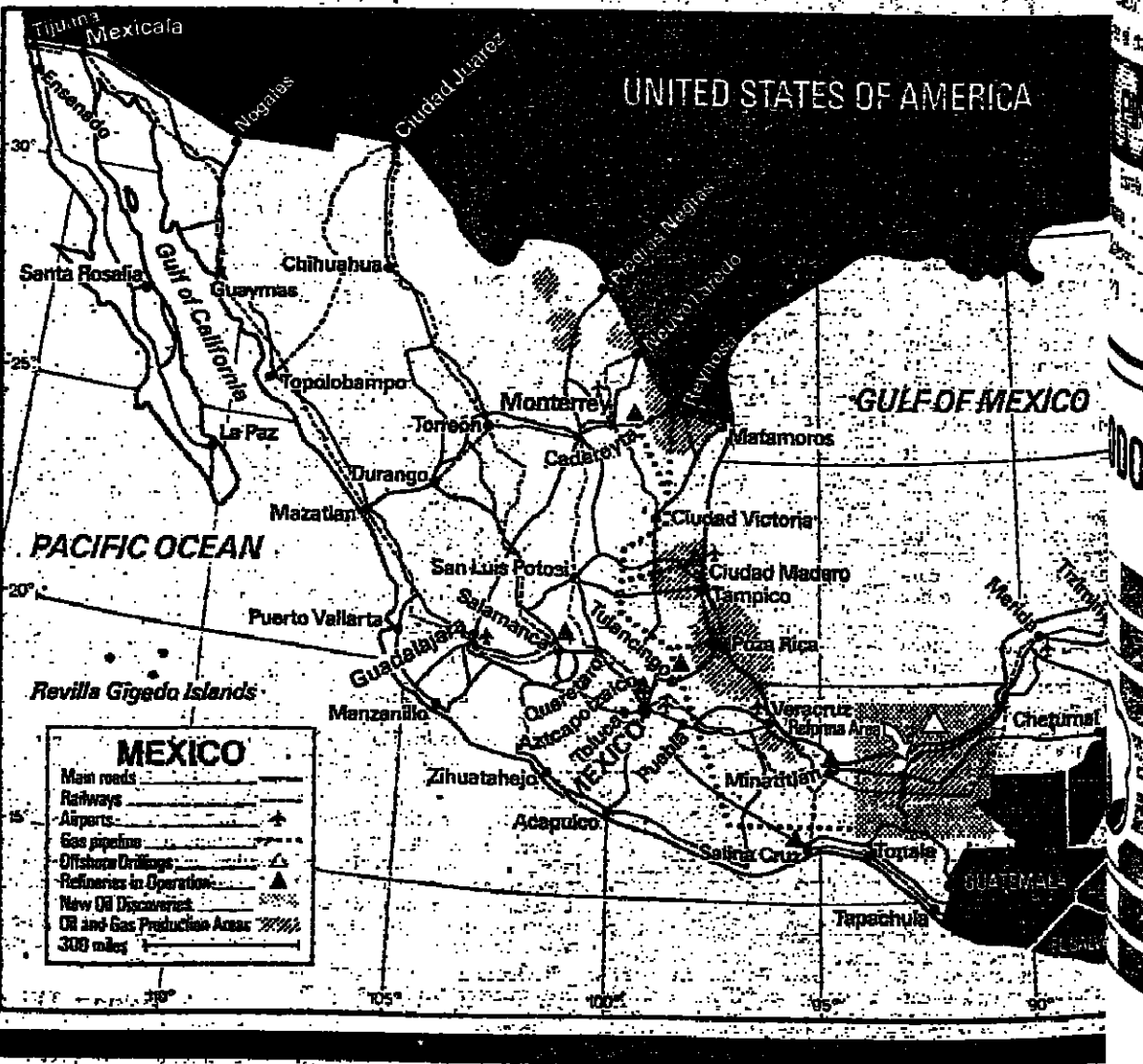
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Michael Frenchman reports on the oil industry which will earn about \$9,000m in revenue this year

United States is becoming a bigger and bigger customer

One of the most significant changes affecting the United States this decade will be its greater reliance on Mexico as its most important energy supplier. At present Mexico is producing 2,304,000 barrels a day and, according to some experts, this could rise to seven million a day by the late 1980s. About five million will be for export and if the United States was to take three million barrels it would meet half the country's total estimated requirements.

On paper this scenario, outlined by Mr. Genaro Phillips, of London's Institute of Latin American Studies, looks fine but avoids some of the present political and administrative constraints within which the oil industry must develop. There is no doubt, as first put forward in *The Times* four years ago, that Mexico would become one of the world's largest oil producers. According to President José López Portillo's annual state of the union address to the Mexican Congress two weeks ago, Mexico is now the fifth largest oil producer in the world, having increased its output to 2.3 million barrels a day in 1979. Such statements of reserves are now an almost regular feature of Mexican life, occurring every four or five months. They immediately lead to a further round of economic speculation as politicians and pundits alike read just their forecasts for the implications of this apparently unstoppable Mexican flow of wealth.

The latest announcement puts the total reserves of hydrocarbon at 60,126 million barrels, compared to last March's figure of 50,022 million. Potential reserves have gone up by 50,000 million to 250,000 million. Probable reserves are put at 38,000 million. All these figures are for oil equivalent (combined oil and gas) but approximately two thirds are for crude oil. Taking the figures of proved reserves at just over 60,000 million, this means that Mexico has more than enough oil for its own needs until well into the next century.

Oil has had a long, turbulent history in Mexico since its commercial beginnings in 1901. Twenty years later peak production had risen to 520,000 barrels a day, which was then 25 per cent of the world output, making Mexico the second largest producer after the United States. Legal uncertainties and ineffective exploration led to a rapid decline in activity. By 1932 production had fallen to a mere 89,000 barrels. Nationalization of the industry followed in 1938 and Perreles Mexicanos (Pemex) was established.

Production and development continued to oscillate, reaching a second peak in the late 1940s and 1950s. New discoveries in 1972 prompted optimism but their magnitude was not realized until 1976 when Señor López Portillo, then President-elect of Mexico, ordered a special team of geological analysts to look in detail at the country's hydrocarbon resources.

In that year proved reserves were put at 6,338 million barrels. Exploration activities were speeded up and, as a result of this and more thorough examination, the present Government, headed by President López Portillo, was able to state that reserves had reached 45,803 million barrels by the end of last year—an increase of 690 per cent in three years. This has brought it up from eighteenth place in the world reserves league to sixth, a no mean achievement, even by Middle East standards.

Mexican officials in both government and private sectors are at pains to try to dispel the image that the country is floating on a sea of oil and that there are mountains of petroleum. Try as they might, Mexicans cannot hide the growing evidence which comes to light almost daily that their country may, in fact, have the world's largest offshore oil reservoir in the Gulf of Mexico. According to Pemex, Mexico stands in the "Balsas Gateway", the geologists' term for a 100 mile-long, 100 ft deep passage, linking the Pacific and Atlantic oceans, which contains oil-bearing sedimentary rock formations, both onshore and offshore, particularly on the Atlantic or Gulf side.

The extent and potential of this area, particularly the so-called Campeche field, was highlighted last year by the unfortunate blow-out of the Ixtoc 1 exploratory well, 90 km north of Ciudad del Carmen. This poured out some 3,100,000 barrels of crude, and resisted all attempts to cap it for 10 months. Now some small seepage is still said to be taking place. Mexico came in for a great deal of criticism over the Ixtoc affair, partly because of a disagreement between Pemex and the Government on whether there should have been a "cover-up" policy to diminish the magnitude of the disaster. In the outcome Ixtoc has only served to prove that the exploratory well was drilled into an oil reservoir of unprecedented size and pressure.

OLADE, the Latin American energy organization, has stated that it believes that the Ixtoc and Nohoch fields in Campeche are probably the largest offshore oil production areas anywhere in the world. Between 300 and 400 wells are being drilled annually, both on and offshore. During the next 10 years about 16,000 wells are to be drilled in the Campeche area, mostly in the Chicotepec Paleozoic. The most commercial-looking area lies at a depth of about 1,200 metres, and the wells may give a production of only 50 to 100 barrels a day. In contrast with the United States this is far above their average production, which is only 16 barrels a day. Overall Mexican production is 2.3 million bpd. Production from the existing wells in the Campeche area is just over 600,000 bpd. This is expected to be increased to one million bpd within the next two years.

During the current investment period which ends at the end of 1982, Pemex is spending about \$13,000m on exploration and development. In 1979 it contributed \$2,000m in federal taxes and payments this year are expected to be considerably higher. Receipts from oil exports have gone up from \$1,800m in 1978 to an expected \$9,000m this year, which will be about 75 per cent of the value of the country's total exports.

Although the potential exists for a tripling of oil production, the Government policy to restrict production to a maximum of approximately 2,700,000 barrels until 1982. It is now about 2,250,000 barrels.

After President López Portillo's tour of Latin American countries and other parts of the world, Mexico jointly announced with Venezuela a plan to supply some 160,000 barrels daily to some of the energy-starved Latin American countries. Mexico has also substantially increased its exports, in theory, to Japan, France and Brazil, as well as the United States, which also takes substantial quantities of gas after a long drawn-out wrangle over pricing.

Major oil exports so far announced are:

United States	780,000 bpd
France	100,000
Spain	100,000
Japan	100,000
Israel	45,000

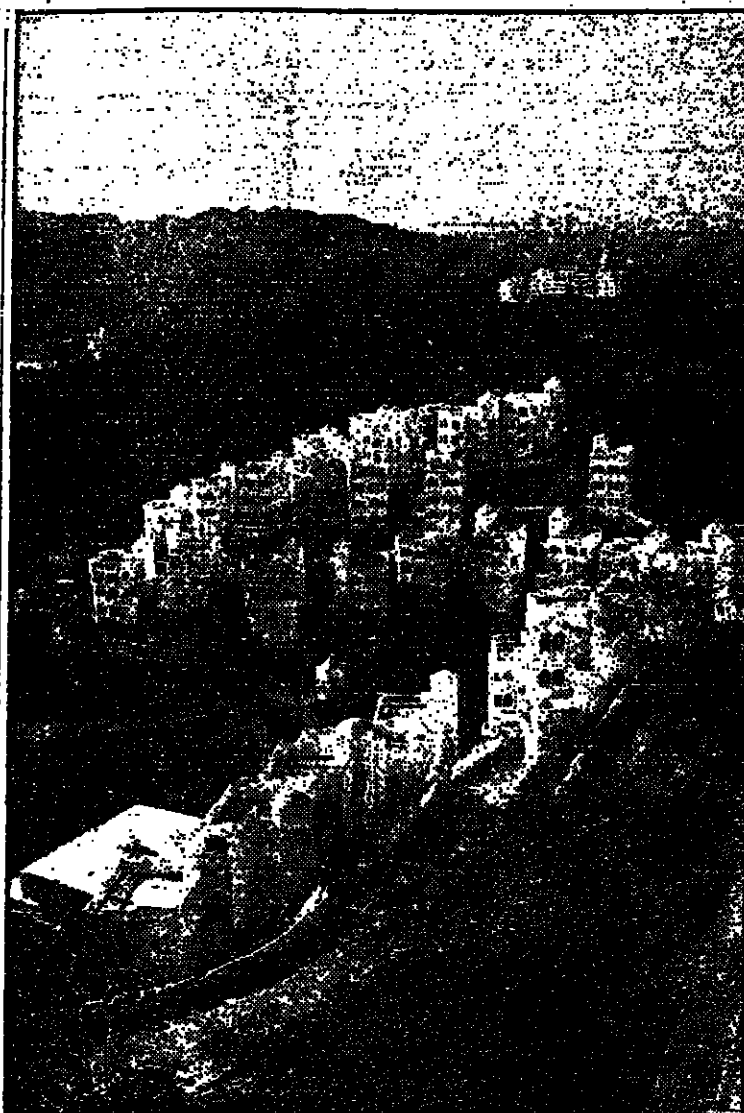
Unfortunately, crude exports in July were 10 million barrels lower than budgeted because of unexpectedly high domestic demand, and also because of a much more serious problem, inadequate facilities to cope with loading at ports.

Although there is considerable optimism about increasing exports in the near future, one of the major constraints is the lack of suitable oil terminals. It is hoped that these will be overcome in due course when an important ports construction and reconstruction programme is completed in about two years' time. The sum of \$1,400m is being spent by the Government alone during this period, together with another \$400m from the private sector. Apart from economic reasons such as overheating the domestic economy and possibly provoking inflation to exceed its forecast level of 30 per cent for this year, oil transportation could remain a problem.

According to some reports Japan has been able to receive only about 50 per cent of what Mexico has contracted to supply. Other important customers, often with reported deficiencies, include the United States, Spain and Israel.

On the domestic front there are no such difficulties. The refining and chemical sector is one of the greatest areas of industrial expansion in the country. Refining capacity has risen by 31 per cent over the past three years and now stands at more than one million barrels a day, making Mexico the twelfth largest refining country in the world. Natural gas treatment plants now handle two million cu ft a day, and petrochemical development output is expected to reach 15 million tonnes by 1982. Pemex now operates the world's largest ammonia plant as well as some 70 other petrochemical plants.

Theoretically, Mexico's oil future seems assured but it will remain on if underlying deficiencies in the public services—port facilities, transport, pipelines, stripping and pumping facilities—can be overcome and this is not taking into account the various political constraints which are bound to arise with a change of administration in 1982.



Heaven for the beautiful people

If there is a heaven for the beautiful people then it must be at Las Hadas on Mexico's idyllic Pacific coast. Its gleaming white spires and towers delicately balanced on the cliffs overlook a palm tree fringed bay near Manzanillo.

It was begun as a private hideaway by Señor Antonio Petino, the Bolivian tin king. Today it is a resort of tranquillity and quality for those rich enough to be out of touch with the reality of the world outside: it is a place where the beautiful people in chiffon and voile seemingly glide among the hibiscus and bougainvillea on their way to and from the beach or their flats.

Now run by Casolar, the tourist development

subsidiary of the Alfa group, Las Hadas is a collection of varying styles of architecture. There is Burgos with its 62 towers, Las Villas del Palmar with its golf course, and La Puerto near the marina with its 200 units from studios up to two bedroom suites with their own swimming pools. In all, the project, which at its present stage covers about 300 hectares, calls for an investment of about 1,000m pesos. Prices vary considerably according to style and taste but anything upwards of £100,000 would not be out of the way.

The Club Maeva, a kind of up-market tropical Butlin's which was run by Club Méditerranée, is near by. Unfortunately this

was not a great success and the new manager, Mr. Peter Weiskopf, formerly of the Acapulco Princess, one of the world's premier hotels, is now trying to put it right. It consists of some 400 tightly packed villas which are sold on a time-sharing basis. The club has an extensive range of sporting facilities. In contrast some three hours' drive north from Manzanillo is a marvellous new tourist project at Costa de Careyes ("turtle beach"). There, a colonial-style hotel in crescent shape has been built among the trees on the edge of a small bay. High up on the cliffs near by some fine individualistic villas are being built. On one side is another Club Méditerranée at a discreet

distance; and on the other, a totally unspoilt beach which gave its name to the area. Not many years ago so many turtles used to come ashore to lay their eggs that it was possible to walk on their backs for the 2,000 metre length of the beach.

The main hotel was built in 1976 and plans include a marina development with waterside villas in similar style to Port Grimaud in southern France. This is expected to cost about \$60m. Costa de Careyes is now virtually a small self-supporting town of some 1,500 persons, all working on the project which has its brickworks, water treatment plants, and a school.

The hotel has only rooms, about 65 per cent of which have been regularly occupied. More than half the guests come from Mexico, with the remainder from the United States, Europe, especially West Germany and France.

For a peaceful kind of luxury and relaxation among the palms, where the average temperature is 82°F, and it rains on only 15 days a year, the hotel has much to offer the more discerning traveller to Mexico, who will be welcomed by a extremely friendly and hospitable manager, something sadly missing in much of the country today.



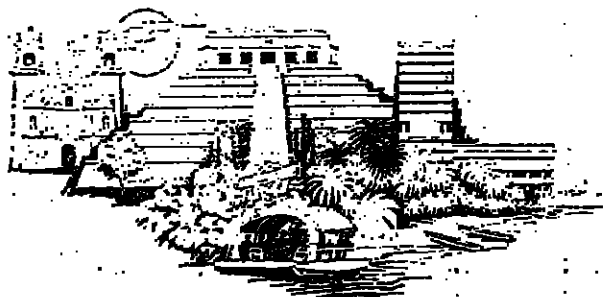
mexico land of light

If you dream of long sandy beaches, tropical vegetation, a limpid sea warm all the year round, then choose Mexico for your next holiday. Mexico boasts hundreds of beaches: La Paz, on the Sea of Cortés, Cabo San Lucas, Guaymas, Mazatlan, Carreyes, Puerto Vallarta, Manzanillo, Ixtapa-Zihuatanejo, Acapulco... to name only a few. Off the Caribbean coast are the delightful islands of Cozumel, Mujeres and Cancun. But there are more to Mexico than beaches and islands. There are the pre-Columbian sites of Chichén Itzá, Uxmal, Monte Alban, Teotihuacán... the old-world charm of colonial towns like Taxco, Guanajuato, San Miguel de Allende... the modern architecture and cosmopolitan sophistication of Mexico City, the capital. Throughout the country there are excellent hotels in all categories whose restaurants serve delicious local specialties as well as international cuisine. Mexico is now less expensive.

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Now the workers want 30 per cent more

After three years of Government-imposed wage-restraint, the Mexican unions are displaying an uncharacteristic militancy by demanding a 30 per cent minimum increase on wage levels.

Inflation has hit the Mexican worker very hard. The national consumer price index rose 49 per cent in January, 23 per cent in February and 21 per cent in March. Hence, a worker starting the year with a wage of 5,000 pesos (about \$265) a month, saw his buying power shrink to 4,700 pesos in January, to 4,636 pesos in February, and to 4,525 pesos in March—a loss of 1,035 pesos in three months. The 1980 increase of 21.5 per cent in minimum wages was effectively reduced to 12 per cent by March and the deterioration has continued.

Calculations for the past three years indicate that workers getting the minimum wage or citizens living on a fixed income lost 12.2 per cent of that income to inflation in 1977, 9.3 per cent in 1978, and 11.8 per cent in 1979. Worse still, the 47.5 per cent of the available workforce that does not even get the minimum wage has been tragically crushed by rising prices.

Paradoxically, as buying power falls, expectations rise with the onset of the oil boom and, while the official labour unions accepted strict wage controls, business profits soared.

The giant Mexican Labour Confederation (CTM), run by José Velasco, rumbled with discontent throughout 1979. Then, on May 1 this year, as 1,200,000 workers marched in the big annual Labour Day celebration, union leaders hogged the stage with fearsome declarations of future intent, couched in metaphors that would have been better left unvoiced.

Señor Fidel Velasco, the CTM leader, warned everyone that "the workers will finish the revolution". He called for a new labour law, dismissing the existing one as useless. Other union spokesmen slashed at the private sector and the multi-nationals. Threats flew. President José López Portillo watched the big march and sat through the rhetoric in high good humour, while Señor Napoleón Gómez Sada, the miners' leader, gave a warning that labour could take unilateral action against the business sector unless something was done about inflation. Such action, Señor

Sada said, "could lead to social conflicts".

The President was unmoved when Señor Velasco fulminated against government takeovers of striking state enterprises "which damage the right to strike", a right enshrined in the Mexican Constitution but one frequently manipulated by Mexican governments.

However, Señor Velasco, aged 80, recently elected to his eighth term as secretary general of the CTM, openly admitted that the official labour movement is a part of the ruling Institutional Revolutionary Party (PRI) and at the service of the Government. His own part in maintaining that relationship has earned him the undying gratitude of the system.

The Government's traditional role is that of mediator. This saves direct confrontations that can be disastrous to the economy. The last time government and business locked horns in the regime of President Luis Echeverría, there was a flight of capital that brought on peso devaluation in 1976.

Some of labour's recent attacks seem to overstep the limits of the old alliance, unless the bounds of that alliance have been tacitly redrawn. This could be the case. The President himself has complained of late that the private sector has not kept its pledge to produce the necessary quantities of essential low-cost products for the masses, a pledge made under Señor López Portillo's alliance for production, which was supposed to unite all sectors in a common drive towards economic recovery and under which the union accepted severe wage restraints.

The CTM now wants to organize cooperatives for union members and boycott companies whose prices are "abusive". It also wants to unionize everything, including the peasants, an ambition difficult to take seriously.

Unemployment is rife in the countryside. Most peasants farm small plots of land at subsistence level and are, in a modest way, landowners. They would hardly want to unionize against themselves. The peasants' alliance with the Government should be seen in the light of what happens when farmers want an increase in the price of corn and beans. Then labour pressurizes the Government to keep those prices down because corn and beans are what their members eat.

Señor Velasco, who has always resisted the inclusion of the more democratic, independent unions in the labour congress, has had a change of mind on that score too. He now wants, avowedly, to support the PRI or not. "Unity and solidarity of all the workers" is his slogan.

There is a reason behind the recruitment drive. The official labour movement boasts that it has six million members, but outside observers would settle for four million at the most. Most Mexican workers are not unionized. The great power of the official unions is thus disproportionate to their numbers.

It is estimated that the unions represent 20.5 per cent of the population of working age and perhaps 40 per cent of the fully employed, about 47.5 per cent of the so-called economically active are underemployed and get less than the minimum wage. Another 8 per cent are unemployed. Pushed by the vociferous independent unions who criticize government and

business alike, and propelled by the real discontent of their own members, the official labour movement is a truly trying to match traditional rhetoric with reality. Observers point out that new militancy coincides government policy of dressing the economic balance in favour of the private sector to meet its role under the alliance for production.

Alan Robin

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When the Prime Minister and

achieved in the first instance. Further, an estimate of whether a serious attempt to hold the exchange rate of growth to say a 2 per cent rate would be a bad idea. It appears overwhelmingly that it would be more successful than the first would depend on an analysis of what went wrong in 1979 and the first half of 1980.

A third possibility is that the Government should adopt monetary targets which are less far below the expected rate of inflation than those of the past year. Such a policy would have the additional potential attraction of being compatible with somewhat lower interest rates and a lower exchange rate for sterling than would otherwise be the case, thus offering some relief to industry and commerce in these present straits. Indeed leaders of British industry individually and collectively through the Confederation of British Industry are urging the Government to go even further in this direction. The Prime Minister is bound to be aware of the increasingly strong assaults on her basic economic policy. In this tradition of support for a Conservative government.

Even this third option, however, has major unattractive aspects from Mrs Thatcher's point of view. In the first place, to accept publicly that monetary targets should be set simply a point or two lower than the expected rate of inflation is to admit that the theme of the whole of the previous policy was based: namely that the rate of growth of the money supply determines the rate of inflation and not vice versa. Quite apart from the problems of political presentation that would face the Prime Minister and the Chancellor of the Exchequer in moving to such a policy, it would be open to the objection from the Prime Minister that it would be wrong to abandon a strategy just at the moment when the sweat and the tears of the past year were beginning to produce results.

A case could be made that at last the rate of inflation was coming down; that the process of purging British industry through a sifter was beginning to produce attitudes of greater realism than the experiences of the past and that Keynes's forecast for 1980-81 would mean that a leaner and more productive

the face of it, the latest

Secretary of State, Mr. Muskie, welcomed Mr. Reagan's remarks as "useful".

It would presumably be easy enough for the United States to guarantee "non-interference" in Iranian affairs: American financial claims against Iran, have never been precisely calculated, but certainly include something in the order of 2,000 million dollars in outstanding bank loans. Here too a solution could no doubt be worked out. As for the 8,000 million dollars worth of Iranian assets "frozen in American banks, this was a preemptive move by America to prevent a threatened withdrawal of Iranian funds, rather than an act of retaliation for the seizure of the embassy hostages, so that an Iranian promise not to drain its assets from United States banks might provide a suitable quid pro quo. The question of the Shah's personal fortune is more complicated, however, not so much for the reason given by Mr. Reagan as because nobody is quite sure how much is involved, or where it is held.

It is discouraging that Iran's Parliament is apparently considering adding further conditions to the list. Judging from remarks made by some Majlis deputies yesterday, the Parliament must have decided that America should "atone" for its role in something President Carter has all along refused to do. It is also possible that the Majlis will want to put the hostages on trial after all. The deputies are loyal to Khomeini almost to a man, but he has said

Major Phillipa Squires (Septem-

"The decline of our earth's species
 can be halted the whole chain of
 interactive life on which we depend
 for our survival will have been
 irreparably broken.
 Yours faithfully,
 A. F. T. MARRIAN,
 Kora Middlefield Preservation Trust,
 2614 Kings Road, SW3.
 September 15, 1975

Ernest Bevin centenary

From Mr G. W. Quick-Smith

Sir, A worthy memorial to Ernest
 Bevin is within the grasp of us all
 — a more kindly, tolerant and
 friendly spirit in industrial rela-
 tions. In the 1930s he suffered a
 great provocation at the hands of
 some of the employers with whom
 he was associated, but I never saw
 him show the slightest signs of ill
 will. He may have been more fiery
 in his earlier days as the Dockers'
 K.C. but he must always have had
 that magnanimous heart, that
 brought friendly understanding in
 the most unpromising situations.
 He was a shrewd and successful
 negotiator, but this did not impair
 his ability to live in friendship
 with those holding differing
 opinions and to see and understand
 the viewpoint of others — an ex-
 citing climate which is in striking
 contrast to the rancour that seems
 to mark the situation today.
 I cherish the memory of the
 occasion when the customary
 arrangements for joint secretaries'

From Mr. G. W. Quick-Smith

economy would be ready to take advantage of the subsequent climb out of recession.

In practice, one of the unattractive set of options the Government has little choice but to adopt, more realistic, but less restrictive monetary targets. It is worth to assert that, despite the past, it was recommending itself to a figure as low as 7.11 per cent for its target, the disbelief in its credibility would be so widespread as to undermine it from the start.

Faced with the present difficulties, ministers already acknowledge that monetary policies are inclined to blame the banks in general and the Bank of England in particular for the failure to achieve previous policies. The experience of the period since June, 1975, however, has been that the supply of money in the economy cannot be contained at levels so far below the going rate of inflation, unless the Government is prepared to take actions that have been politically unacceptable in the past and would equally certainly be in the future.

The two main components of the growth of money supply are borrowing by the Government and lending by the banks to the industrial sector. This clearly indicates the need for a determination than most to cut spending. It is unlikely to be, say, twice as effective in future, particularly at a time when deepening recession is increasing the burden of social security payments.

Equally, less bank lending to industry in present circumstances would and could only mean a higher level of wasteful insolvencies. This cannot be what the Government wants as an end in itself. However, even monetary targets set closer to the likely rate of inflation would not involve the dramatic lowering of interest rates being demanded by British industry. But a dramatic fall in interest rates, accompanied by a similar move in the exchange rate, would not hold out the prospect of steady improvement in conditions the year ahead. What is required is the prospect of gradual, but steady reduction in interest rates, rather than a downward rush that would hold within it the danger of the process being reversed.

thus in effect still placing the hostages' fate in the hands of the

From Mr Harold Glover
Sir, The letter (September 13) about official publications from me and my colleagues and successors at HMSO, Mr Bernard Thomas, deserves comment.
I doubt whether there is any overriding duty laid upon HMSO to recover from sales revenue the cost of each publication considered for publication. The evidence of Hansard (which has lost money for decades) would have disappeared into oblivion, accompanied by the many acts, bills, statutory instruments and reports that never have been revised, and that their commercial value is negligible, the notion that any official should have the power to charge high prices for issues that in his opinion appeal only to "narrow interests" will for most of our readers have sinister undertones.
We badly need a defensible policy for the issue and pricing of official publications. In a democracy, the evidence based on the duty of the government to publish the laws it enacts, the regulations it makes, the proceedings of Parliament, the reports of committees and the statistics that they consider. Since this duty stems from the general interest it is entirely appropriate that its discharge should be paid for out of public taxation, like the other expenses of government. The cover price of each publication should be no higher than is necessary to prevent it being sold out of the country at so much per page or line, and whether the subject matter had wide appeal or not.
The resulting deficits ought to be debited back to originating departments, so placing the next cost of publication where they belong, not only to improve management but to provide better parliamentary control. HMSO itself would then no longer be a drain on the Treasury for being extravagant and kinks from the public for being greedy.
Yours faithfully,
HAROLD GLOVER,
Reform Club,
Pall Mall, SW1,
September 15.

The ethics of power
From Lord Brockway
Sir, In a review of Dom Moraes' book, *Mrs Gandhi*, in your issue of September 12, Sashi Brata says that I and others have voiced the opinion "that it may be preferable to let the British Empire fail in order to stop its power". I have never thought or said so, and I doubt if others named have.
Yours faithfully,
PENNER BROCKWAY,
House of Lords.

Sir: re the "wind turbine" vessel.

From the Chairman of the Football Association

Conference last May. Sale of alcohol at one London ground was stopped for a long period. Yet if it can be bought just outside the ground, we are in difficulty. The recent introduction by British Rail of a new bye-law restricting alcohol on trains is welcome, but it is to be hoped that the loopholes in the plan can be closed.

In this connection, the Football League has cooperated fully. The clubs have incurred much expense on ground safety and reconstruction, greatly helped by grants from the Government, pools promoters and the Sports Grounds Grant Trust. Terraces have been closed off to permit segregation, often with loss of income. Many of the recent disturbances have, in fact, occurred outside the grounds and not within. Over the past five years the clubs have lost over £10 millions of pounds for Saturday police.

We should aim to get at the roots of the disorder, which are in the hooligans themselves. School discipline and parental influence are, as early age, surely fundamental, have sadly declined. One thing at least would be useful, namely attendance centres to which miscreants would have to report on Saturdays afterwards. The Home Office has an article of September 11, though not for two, but many more Saturdays, with other penalties if they failed to do so. We have pressed for this for the past three years, and were told that the Government were still less than a handful of centres for the age group concerned; insignificantly few. Of course they will cost money, and have to be manned, but the total expenditure might be much less than the cost of the present system that by the clubs for special police at their matches, and for the general good of the country it might be cheap at the price.

Yours faithfully,
H. W. THOMPSON,
General Manager, The Recreation Limited,
16 Lancaster Gate, W.2.
September 15.

From Sir Andrew Gilchrist

How are we to regard this refusal, even to start planning, and this demand for *absolute assurances*? Does it mean that when the final percentage points are absolutely agreed, we shall have no fishing fleet left but only immobile rusting hulks in Hull and Grimsby? At such a time, the means of catching our household wife might lead to British quotas or areas being traded off to nations which happen to have efficient fleets already in service.

The federation is entitled to say, when it comes to investment in new fishing equipment, that it is their money, not the nation's, that is at stake. It is our fish, and it is up to us to ensure that adequate arrangements exist for catching it. Surely the future pattern of the industry has emerged by now harshly and clearly enough. The time has come to let the existing firms plan their own plans for a renewed and vigorous 'exploitation' of an 'outstanding national resource on the basis of modernised' equipment, revised objectives, and a simplified structure.

The House of Lords is right and deserves to be congratulated.

Yours faithfully,
ANDREW GILCHRIST,
Arthur's Crag,
Hazelbank, Larnark.

From Mr P. D. Stobart
Sir Sir John Wilton is of course.

export promotion have convinced me that embassies, consulates and the like are not the best places from which to operate what are, effectively, marketing agencies. There is, therefore, some degree of specialization among those members of the service who are concerned with day-to-day trade promotion, such specialization cannot and should not be, for otherwise the official concerned will fail to gain the more general experience which he needs to carry out other functions later.

While those aspiring to the higher posts will be (and in most cases are) capable of thinking in economic terms, it is understandable that many should regard routine export promotion as being a natural outgrowth of their ordinary diplomacy as to be a liability if too many years are spent in it.

This is not to discount the virtues of helpfulness performed by the members of the service in their day-to-day work.

Their success, however, is achieved despite the system rather than because of it.

Yours faithfully,
PATRICK STOBART,
44 Manor View, N3
September 5.

From Mr Bryan Stevens
 Sir, Mr Elliott Kendall rightly

and there is an urgent economic need to recruit and train black apprentices. There is no shortage of suitable material.

The main obstacle now is the widespread resistance by white artisans to training black apprentices. This resistance will only be overcome by firm determination on the part of South African employers, who cannot afford to perpetuate the present shortage caused by previous apartheid policies. British firms should play an important role here and take a lead in introducing black apprentices.

Yours sincerely,
BRYAN STEVENS,
43 Aberdeen Road, N5.

From the Registrar and Librarian
of the College of Arms

The result has been that we now have a thriving conservation and binding department run by Miss Janet Gunston, a former Carberwell student, which caters not only for our own unique collection of MSS, but also for Oxford and Cambridge colleges, professional institutions, libraries and many other noted repositories of MSS.

So the college may now legitimately claim not only to be a patron of heraldic art illumination, calligraphy (all documents are still engrossed by 'band'), flag-making, carving and other applied arts and crafts, but also of paper conservation and the restoration and binding of ancient books. Our thoughts may sometimes be in the past, but only because we draw from the past in order to enrich the present and provide for the future.

I am, Sir, your obedient servant,
J. P. BROOKE-LITTLE
Norroy and Ulster King of Arms,
The College of Arms,
Queen Victoria Street, EC4.

From the Secretary of The
Runhlers' Association

Visit by EEC group

Newhaven fort plans

On whose service ?

From Dr George Campbell
Sir, Today I received by post a long envelope, franked OHMS first-class mail. On opening it I found a circular from Littlewoods, explaining how I could win £50,000.
I was about to destroy envelope and circular, when I noticed another enclosure - my telephone bill from the Post Office.
By the same post I received another long envelope franked as before, OHMS first-class mail. This was from a highly coloured circular explaining how you could have a birthday by telephone, and other such delights as to how to tell the time, and (I seem to remember) how to cook by telephone.
All this for so much more than my income tax demand OHMS.
Yours, OHMS.
GEORGE CAMPBELL,
The Old Orchard,
Martock, Somerset.

nd in China
fidant Bank will be the
tish bank to set up a
tative office in Peking.
ceived permission to go
on Chinese authorities.

treet higher

Dow Jones Industrial
closed 5 points up
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By Bill Johnston

British Gas has made a formal proposal to extract natural gas from Norwegian Statoil's Statfjord field in the North Sea. The gas is expected by the end of the year but because the political climate in Norway is not conducive to the country's natural resources begin exporting, the gas will come from the government.

Gas from the wholly Norwegian owned Ekofisk field goes by pipeline to Emden in northern Germany, where it is fed into the European gas grid to Germany, Belgium and Holland. British Gas extracts the gas from the Frigg field which is 100 miles off the coast of Norway (60 per cent) and the British (40 per cent).

The decision to sell Norwegian gas from the Ekofisk and Frigg fields was made because of the technical problems in taking the gas over the Norwegian trench.

But technology has advanced considerably since the early 1970s when the Norwegians decided to sell the gas. The Norwegian political climate has changed and many think that the gas should be brought back to the North Sea abroad.

It is unlikely that the Statfjord gas could be used for domestic energy but the gas and accompanying liquids could be used for petrochemicals as feedstock for the chemical industry which could bring new jobs to Norway.

Ethane, propane and butane would be the feedstock. Ethane can be used as the source of ethylene and its plastic derivatives; propane and butane can be sold as liquid petroleum gas (LPG).

The British Gas proposal includes an option to satisfy the Norwegian chemical industry's ambitions. The liquids accompanying the gas would be sent with the gas to the gathering pipeline to St Fergus where they could be separated before shipment back to Norway.

and reintrodu

By Richard Evans

Fidelity Radio, Britain's leading producer, has cut on another 50 workers and introduced overtime—and so completed a recession story with a difference.

Six months ago a sharp fall in demand for consumer products had led to a sharp drop in demand for radio equipment, pound reducing exports resulted in 98 employees being made redundant and a three-day week was introduced for the 500 workers at the North Acton, London, factory.

The company's results for the year up to the end of March showed that annual profits had been halved and the profit for the last six months was just £39,000.

Mr Jeffery Dickman, sales director, said: "It was the economic recession. It particularly hit consumer, durable and semi-durable items as well as durables. We were making more than we were selling in effect and we had to do something about it."

By Richard Evans

Fidelity Radio, Britain's lead-facultyer has tal to another 50 per cent in the last six months—and so completed a recession story with a difference.

Six months ago a sharp fall in demand for consumer products combined with a strong pound reducing export demand in 98 employees being made redundant and a three-day week was introduced for the 500 staff at the North Acron, London, factory.

The company's results for the year up to the end of March showed that annual profits had been halved and the profit for the last six months was just £39,000.

Mr Jeffery Dickman, sales director, said: "It was the economic recession, It particularly hit consumer durable and electrical goods as well as durables. We were making more than we were selling in effect and we had to do something about it."

But the beginning of this month saw the return to a five-day week for some of the staff and the subline to the ridiculous. Mr Dickman said yesterday.

Seasonal demand, a good response to Fidelity's new portable black and white TV and monthly saw the return to a five-day week for some of the staff, helped the company to feel that the recession need not be a one-way journey.

"I think we have been quick to react. We were one of the first to take action to go on a three-day week and make people work longer hours. It was a big thing because not many were doing it," Mr Dickman said. "Now we have come back to a five day week. I hope we are forerunners."

The outlook is hopeful, he said, and he added that the company was taking new steps on new products to try to sustain interest during the off season period.

By Catherine Gunn

The Laird Group will try to speed up its efforts to take the Government to arbitration over compensation for the group's shipbuilding interests, nationalized in 1977, at a tribunal in London today.

Sir Ian Morrow, Laird's chairman, will be resiting an application from the Department of Industry for an extension to the preliminary part of the negotiations. Mr John Gardiner, Laird's chief executive, is becoming "increasingly anxious to reach a settlement."

Laird decided to take the Government to arbitration after years of wrangling over the valuation of the shipbuilding assets.

After taking the Government to the brink of arbitration over compensation for Scottish Aviation, Laird agreed to a £3.75m settlement, before interest due on that total. This has now been paid in full. Laird has only had £400,000 on account for the shipbuilding interests, which are in its books at £1.5m.

So far proceedings are only at the "pleadings" stage, where both sides exchange summaries of their arguments. The department wants more time to consider Laird's brief document but Laird sees this as a delaying tactic.

Interest on the compensation will only be paid at 10 per cent. But the Department of Industry will have to meet both parties' costs. Laird maintains that lengthy delays are unlikely to lead to any public saving.

As the Soviet Union's steel output compared with the target figure of 6.3 per cent. Last year's growth was only 3.4 per cent.

At the start of the 1960s, growth rates were more than 8 per cent a year. Some Soviet analysts say industrial growth has slowed because the country now produces the basic quantities of goods it needs even if the quality is not always satisfactory.

Current steel production of about 150 million metric tons a year, for instance, is judged sufficient for Soviet requirements.

Western specialists, however, also attribute the slowdown to a labour shortage and lagging technology.

They note that light industry, which produces most consumer goods, is still underdeveloped compared with heavy industry, traditionally the favoured sector.

Oil production is roughly on target towards the target figure of 606 million metric tons, about 12.1 million barrels a day, in 1980.

The oil production target for 1981-85 is not yet known, but some observers believe output could level off at 12.5 million barrels, 630 million to 650 million tons, 12.6 million to 13.2 million barrels a day higher, as oil is increasingly replaced by other fuels.

Atomic power is expected to account for more than 10 per cent of the Soviet Union's electricity needs by the early 1980s.—A.P. Dow Jones.

Although the year has started reasonably satisfactorily the Group is facing an uncertain level of trading activity in the year ahead. We are well diversified in products and continue to have a healthy financial position, but because of the depressed state of the economy we view the outlook with great caution.

THE POUND

	Bank buys	Bank sells		Bank buys	Bank sells
\$	2.09	2.02	Norway Kr.	11.90	11.40
fr	31.40	29.78	Portugal Esc.	123.50	115.50
£	3.80	3.70	South Africa R.	7.20	7.00
Chk	2.83	2.75	Spain Ptas	177.50	170.00
DKr	13.55	13.00	Sweden Kr.	10.25	9.80
DM	10.20	9.80	Switzerland Fr.	4.85	4.44
DM	10.49	9.75	USA \$	24.44	2.37
	1.42	1.40	Yugoslavia Dnr.	74.25	69.75
	1.16	1.10			
	1.12	1.12			
	2095.00	2090.00			
	531.00	506.00			
Is Drk	4.79	4.57			

Rates for small denomination bank notes only, as supplied yesterday by the London office of the International Bank of London.

Different rates apply to travellers' cheques, and other foreign currencies.

British Home Stores, third in the chain store league to F. W. Woolworth and Marks & Spencer, yesterday announced a price-freeze guarantee for the rest of the year on its non-food merchandise which is 75 per cent of its turnover.

It was another twist in the promotional war up and down high streets where it is now perpetual sales time, complete with special offers and other promotional campaigns.

Reporters in the trade, as well as this week's official retail statistics for August, indicate that the sales efforts are increasing sales volumes while profit margins are being squeezed.

Mr Roy Burgess, managing director of British Home Stores, said: "In the most

retailers, BHS saw at the beginning of September the introduction of a new season's ranges which run through to Christmas, so price levels are set to an extent. But he added: "One can see that between now and Christmas a number of prices could rise and what we are doing is to give customers a cast-iron assurance."

He has given a warning to his suppliers that if their price increases were too high orders could be lost, but he does not expect to have to turn to imports as a result. BHS merchandise is 70 per cent British with up to 5 per cent imported.

Because of other factors like nervousness of supply.

Mr Burgess said that "in today's" conditions it does not

seem likely that many manufacturing firms will be demanding large price increases."

In addition to its price freeze, BHS will continue with its series of cut price campaigns which take between 10 per cent and 20 per cent off going prices for a limited period, usually a month.

Replies from BHS's competitors came quickly. Marks & Spencer said that "small and large" their prices would match the competition with price increases - which were little more than they were this time last year. Some food prices would be cut by up to 15 per cent.

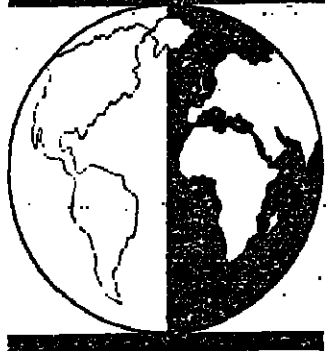
Another chain which has been running a campaign of selective price cutting is Littlewoods which claims that since it started the campaign at the begin-

ning of June it has passed on savings to customers worth around £10m. Some price cuts apply also to food and it is planned to continue the campaign as the price war continues in the high street.

Littlewoods' turnover in chain stores last year was £380m. Woolworth said in the evening that it would be "a good" more a question of matching and undercutting of prices by competitors.

Woolworth's sales have improved in the past three weeks, especially in self-assembly, furniture, television sets, audio units and smaller electrical appliances.

Derek Harris



Oil imports will cause 'record deficits'

Oil-importing nations are heading for record balance-of-payments deficits this year and must use investment to reshape their economies, the General Agreement on Tariffs and Trade (GATT) said in Geneva.

Developing countries which export oil may have a record current account surplus of \$115,000m (£47,970m) at the end of 1980, according to rough preliminary estimates in GATT's annual study on international trade prospects.

Third world countries which import oil and the non-communist industrialized nations may have record payments deficits of \$62,000m (£25,855m) and \$60,000m (£25,031m) respectively.

Swedish savings plan

The Swedish Government has announced plans for a 6,300m kronor (£640.8m) savings package to trim private and public expenditure during the next fiscal year and to reduce the country's rising budget deficit.

US car sales down

Sluggish domestic car sales in the United States during September reflect continued economic weakness, according to trade experts in Detroit. Sales for the first 10 days of September fell 21.3 per cent on a daily basis to 136,428 from 151,775 last year.

Peking coal plan

Peking has proposed ventures to develop Chinese coal deposits to increase coal supplies to Japan by 10 million tonnes a year after 1990. Mr Toshiwo Doko, leader of a Japanese economic mission to China, said in Tokyo.

Italy's record deficit

Italy's trade deficit widened to a record 1,767,000m lire (£874.7m) in July from a deficit of 386,000m lire (£191.1m) in the same month last year, according to the official Statistics Institute in Rome.

Revised statistics estimate unrecorded dealings at nearest 2pc

Not so much of the 'hidden economy'

Britain's "hidden economy"—those dealings and activities not recorded in national income—appears to be smaller than was thought at first. According to the Central Statistical Office the minimum size of the hidden economy (sometimes termed the "black" or "twilight" economy) is nearer 2 per cent than the 3.5 per cent the government statisticians estimated when they first looked at the subject last year. This is revealed in the annual *Blue Book*, more formally known as *National Income and Expenditure*, 1980 edition, which gives the definitive statistical profile of the economy during the previous year.

The best guide to the hidden economy is the difference between income and expenditure of the gross domestic product. However, the previous gap has been reduced, partly as a result of a large upward revision in estimates of corporate profits.

The element of missing income, attributed to tax-evaded income or income-in-kind is thus reduced. However, there still appears to be little doubt that the hidden economy has grown since the middle 1970s.

The *Blue Book* shows that total personal income (income from employment and self-employment, investment incomes and government grants) increased by 17 per cent before tax between 1978 and 1979.

As a result of the cuts in personal taxation during 1979, personal disposable income rose by 18 per cent. Savings in 1979 with 14 per cent of disposable income, about 2 per cent higher than the average of the previous three years.

After allowing for inflation, real disposable income is now shown to have

increased by 6 per cent, after an even larger increase—of 8 per cent—recorded in the previous year.

This is only the second time since the Second World War that there has been a rise of 14 per cent or more in two consecutive years. The previous occasion was between 1971 and 1973.

Percentage shares of value-added in GDP	1969	1975	1979
Industry	2.9	2.6	2.2
Agriculture	—	—	3.0
Petroleum and natural gas	1.5	1.6	1.8
Other mining and quarrying	31.8	27.6	28.3
Construction	6.6	6.9	5.9
Gas, electricity and water, transport and communications	11.6	11.3	10.7
Distributive trades	10.2	10.2	9.9
Insurance, banking and finance	6.6	7.3	8.6
Ownership of dwellings	5.0	5.7	5.7
Public administration and defence, public health services and local authority educational services	11.5	15.0	13.2
Other services	12.3	11.8	12.9
Before adjusting for financial services			

The *Blue Book* breaks down the contribution made by different industrial sectors to the nation's total gross domestic product. The most notable change that took place in 1979 was the contribution made by North Sea oil and gas which accounted for 3 per cent of total output in 1979.

The largest fall was recorded by the public sector, including administration, health and educational services provided by the General Government. The contribution of this sector to total output was 13.2 per cent in 1979 compared with 15 per cent in 1975.

Over 10 years the lengthy decline of manufacturing industry in Britain and the steady rise of insurance, banking and finance industries is clearly discernible. The contribution of manufacturing to total output was 26.3 per cent in 1979, compared with 31.8 per cent a decade earlier.

By contrast, the contribution of insurance, banking and finance services has grown over the same period from 6.6 per cent to 8.6 per cent.

In spite of the sharp rise in personal incomes, the total output of goods and services in Britain last year rose by only 11 per cent in real terms. Without North Sea oil and gas the growth in 1979 would have been only 3 per cent.

The share of company profits (measured after deducting stock appreciation) in gross domestic product fell slightly in 1979, after rising steadily over the previous three years. This fall took place despite the large increase in the company profits of the North Sea oil and gas industries.

In 1979 the share of company profits (net of stock appreciation) in gross domestic product fell to 11 per cent from 12 per cent in 1978. Both of these figures are well below the levels of the 1960s, despite the growth of North Sea oil and gas.

Melvyn Westlake

Call to end building prices policy

By John Huxley

Building contractors are pressing the Government to abandon its policy of asking them to quote firm prices for contracts lasting up to 12 months.

They say the policy poses particular problems for builders working on public sector contracts and merely helps to perpetuate a rate of inflation. The principle was counter-productive because it required contractors to predict the rate of inflation and allow for it in their tender prices, Mr Morrison Dunbar, president of the National Federation of Building Trades Employers, said in Newcastle yesterday.

"Moreover, the federation believes the practice of firm price tendering is inequitable because an increasing number of local authorities require anything up to three months from the date a tender is submitted to acceptance," he added.

"A contractor has, in effect, to predict a firm price for up to 15 months. Quite apart from materials price increases, this can involve taking two annual wage negotiating rounds into account."

Bowater-Scott reveals £70m mill proposals

By Edward Townsend

Bowater-Scott, which claims to be Britain's largest producer of domestic and industrial paper tissues, has announced proposals for a £70m mill at Grimsby which could create 250 jobs.

The company, which already operates seven tissue paper machines in the United Kingdom, has been granted a 15-month option to buy a 40-acre site on the outskirts of the town. A spokesman said yesterday that the company would be making a careful study of the market in the coming months before going ahead with the development.

News of the proposed expansion will come as a boost to the country's severely depressed paper and board making industry. The British Paper and Board Industry Federation said it was "very welcome and encouraging".

Troically, Bowater-Scott's proposal follows the decision by Bowater UK to close its newsprint mill at Ellesmere Port on Merseyside. The mill is the largest of its type in the country and its closure will mean the loss of 1,600 jobs.

The closure, due in November, will bring the total number

of jobs lost in the paper industry in the past 20 months to 7,600 with 14 mills and 48 machines closed.

Bowater-Scott, which is jointly owned by the Bowater Corporation and the Scott Paper Company of Philadelphia, has been searching for some time for a site on which to expand tissue production.

A final decision, however, has yet to be made. The spokesman added: "We don't want to create expectations in Grimsby that we cannot ultimately fulfil."

Tissues, unlike newsprint and other paper products, have experienced relatively buoyant sales during the current recession.

Bowater-Scott, whose brand leader Andrex has 29 per cent of the domestic toilet tissue market, claims 40 per cent of the total United Kingdom domestic disposable tissue market and 25 per cent of the industrial sector. Last year, the company achieved record sales and earnings.

Meanwhile, officials of the federation and the Society of Graphical and Allied Trades (SOGAT) are still hoping for a meeting with the Prime Minister to discuss the plight of Britain's newsprint industry.

Labour may try to nationalize GEC

By Kenneth Owen

Nationalization of the General Electric Company, Britain's largest electronics and electrical company, may form part of a restructuring of the micro-electronic industries under a future Labour Government, according to a Labour Party discussion paper published yesterday.

The paper said that in microelectronics GEC has played a particularly malignant role. It is the National Enterprise Board's semiconductor subsidiary, should receive further state assistance if needed.

Dame Judith Hart, MP for Llanark, chaired a working group of the party's industrial policy subcommittee which wrote the paper. Yesterday she said: "If we are restructuring the industry to maximize the industrial and export potential for Britain, GEC may well need to come within the public sector."

The group concluded that, for technological change to benefit working people and their families development and application of technology must be brought under democratic control.

The laws of the marketplace were unsuitable for encouraging the development of science and technology to maintain full employment, the group said. Dame Judith and other group members would not accept that California's "silicon valley" was a clear exception. This view may cause some doubt on the rigour of the analysis.

For industrial, commercial, strategic and political reasons, the group said Britain should have strong, domestically owned, manufacturers of semiconductor devices, including research and development. "The establishment of such a capacity would stimulate microelectronic applications throughout the economy and help retain an international competitive industrial base in the United Kingdom."

The paper said there was considerable scope for aiding the development of domestic chip production by the public purse. "Further assistance may be necessary for this infant industry by means of direct government subsidy or possibly by controls on the import of chips from abroad."

The computer industry was increasingly indistinguishable from telecommunications, office automation, consumer electronics and electronic components, the group said.

If Britain is to have an indigenous capacity in these areas, Labour must look closely at the restructuring of these industries under social ownership. GEC, in its dominant position in the United Kingdom industry, will form an integral part of these plans.

"Microelectronics: A Labour Party discussion paper, published by the Labour Party, London, at 80p."

Telegram offices to close

The Post Office is to reduce the number of international and inland telegram offices from 29 to nine over the next 18 months and reemploy 1,200 of the corporation's 2,500 operators.

The closures are intended to modernize the 100-year-old service. As part of the modernization night telegrams for business use will be accepted at half the normal day price.

Although the overnight telegram was introduced in the 1930s the night telegraph letter was never marketed. Post Office officials realized the benefits of an overnight service for business during recent visits to the United States.

The number of telegrams sent by Western Union had dropped from 12 million to 6 million a year but after a "mailgram" service was introduced the number of messages rose to 38 million a year. The Western Union model is to be used by the Post Office. The content of a telegram is telexed or telephoned and the telegram will be delivered in the first post day after.

LETTERS TO THE EDITOR

Estimating the number of jobs lost through redundancy

From Mr R. H. Fryer

Sir, The Parliamentary Under-Secretary of State for Employment is quite right to point out that the number of jobs lost through redundancy may sometimes overstate the actual number of employees made redundant once the plans are executed. Indeed, it has been alleged by trade union officials that some employers deliberately overstate the number of redundancies in the hope of persuading unions quickly to agree redundancy terms and procedures, and in order to induce workers to accept so-called "voluntary" redundancies, the sooner to be free to seek alternative employment in a highly competitive labour market.

At the same time, official quarterly notices of redundancy

payments in the Department of Employment Gazette seriously underestimate the number of jobs lost through redundancy. Some workers do not qualify for statutory redundancy payments under the terms of the Redundancy Payments Act because of their age, hours of work or insufficient service; others leave in anticipation of redundancy, forfeiting their redundancy payments in the hope of cutting their losses by being first in the queue for work elsewhere.

There is no way of producing an accurate figure of the number of job losses thus attributable to redundancy, but estimates made on the basis of my own research into redundancy suggest that the total job losses resulting directly from redundancy are three or four times the number of paid redundant

Similarly, work done by W. W. Daniel in 1974 that 43 per cent of workers made redundant were receiving no financial compensation at all. On top of many jobs disappearing through redundancy its because of the non-fill vacancies when employees retire, or reach the short-term contracts in rights to redundancy as have been waived. Mr L. right: Hsts of redundancy much less than the total. Yours faithfully, R. H. FRYER, Senior Lecturer, Department of Sociology, University of Warwick, Coventry CV4 7AL, September 11.

Giving a fair account of the public services

From Mr C. P. Morton

Sir, I have always been opposed to nationalization and try to earn a living by rectifying inefficiencies. While much of the current criticism of nationalized industries is doubtless true, I believe in presenting a balanced picture. It should also be remembered that many industries were in a perilous state when the taxpayer rescued them. Generalizations such as Mr Brauner's (September 11)—can be very misleading, as illustrated by the following examples.

I recently had a problem with a domestic appliance, which was repaired by the electricity board. The service was speedier—after explaining the urgency—than that offered by all private contractors. Costed and substantially cheaper. (The highest estimate was 61 per cent greater than the board's final account, which clearly covered the true costs.) There is however a sting in

the tail. The fitter was courteous, competent and worked hard. However, one operation taking over one-third of the total time—and doubtless more under adverse conditions—could have been reduced by nearly 70 per cent. If only a low-cost piece of equipment had been used, as this type of repair is carried out very frequently, I estimate that the capital expenditure would be recovered in a matter of weeks. The Prime Minister and his colleagues rightly exert the pressure to increase productivity wherever possible. In this instance however, while there is scope for improvement in the public sector, it leads private industry to simply as British brought home to me clearly on a recent Budapest.

I travelled there on the Hungarian national and all announcements made in Hungarian and all cabin staff appear to speak both languages. My journey was made only in British Airways and all cabin staff appear to be Hungarian. I am sure that the passengers of the very least there should be recorded announcement in English, welcoming passengers, giving safety instructions and indicating what is the cabin crew speak similar announcements approach-run and be seizers leave the aircraft. Yours faithfully, J. T. COPPOCK, Department of Geography, University of Edinburgh, High School Yards, Edinburgh EH1 1NR, September 3.

Taxation allowance for married couples

From Mr C. J. Saville Glanville

Sir, I entirely agree that the present system of giving tax allowances to married couples is unfair. On the one hand, it is unfair that an allowance which was introduced during the last war to encourage married women to work should continue in these days of unemployment. On the other, it is equally absurd that a married man should receive an allowance for a wife who supports herself.

The remedy seems obvious: abolish the married man's allowance and the joint taxation of spouses; tax each spouse as a single person but

allow any unexpended part of either spouse's allowances and exemptions to ensure for the benefit of the other. Surely, this must satisfy everybody from the Family Opportunity Commission to the Married Man's Defence Union. (If that desirable body does, in fact, exist.) This too would get rid of the present incentive for the doubly well-paid couple to live in a wife who supports herself.

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Architectural heritage

From Mr William Thomas

Sir, With reference to Jean Scott's letter (September 10) about the preservation of industrial buildings, most people agree that it is wrong to keep practically everything. However, the majority of people are probably in favour of the very best examples of buildings being retained. Aesthetic and artistic judgment are used in the debate on what to keep and what to let go.

In the case of the Firestone factory it is perhaps reasonable to allow its replacement, but with the Hoover factory there seem strong arguments in favour of its preservation, together with the surrounding laws that set it off so well.

The Government might consider the problem of offering compensation in the rare cases of preservation orders being enforced so that the country realises it has to pay for the upkeep of its cultural heritage. Such compensation might also help discourage any deliberate design of ugly factory buildings, though even the most odd looking architecture today might be highly thought of in years to come.

Yours faithfully, WILLIAM THOMAS, 86 Eaton Place, London SW1, September 11.

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Yours faithfully, WILLIAM THOMAS, 86 Eaton Place, London SW1, September 11.

Sheep may safely graze

From Mr G. K. Young

Sir, In his letter of September 11, Mr H. Merley is talking the most appalling nonsense about forestry and sheep farming in the Moffat area.

Having been born and brought up in Moffat and Annandale, I can say that the sheep population is at least double what it was in the twenties and thirties. In two words, the sheep are safe. Moffat was stripped of their finest woodlands, and we are now, thanks to the Forestry Commission and the Economic

Forasry Group, getting back the forest of timber. The latter group in particular has drained and planted moorland which was too soggy for sheep and which was in effect an ecological ruin.

The Colin Fountain with its statue of a ram and which was inaugurated by my grandfather as Provost of the Burgh still stands in the High Street and the sheep may safely graze. Yours sincerely, G. K. YOUNG, 37 Abbotsbury House, London W14, September 12.

Employment legislation

From Mr A. D. M. Botanero

Sir, In my post this morning I received a leaflet advertising a course on employment law entitled *A Practical One Day Course on Employment Obligations and Employees Rights*. This seemed to me a most concise summary of the one-sided nature of current legislation on the subject.

Yours faithfully, A. D. M. BOTANERO, First Olympia Securities Ltd, Market House, Richmond, Surrey, TW9 4NG, September 15.

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Service from the banks

From Dr M. J. B. Almond

Sir, Mr Elvey ("Service from the banks", September 3) should consider himself lucky he does not live in Scotland. Here the banks long ago solved the problem of queues at lunch

time, they close for lunch. Yours faithfully, M. J. B. ALMOND, 28 River Crescent, Newnells, Dundee DD1 9SY, September 10.

Those frustrating bank queues

From Mrs P. Brand

Sir, There is nothing so frustrating than to stand in a bank queue, only to find the "other queue" has moved rapidly and you are left still waiting your turn.

I left out one of the building societies and have a cord along the cashiers, with customers waiting behind it. Then, as soon as a till is free, the next customer moves up. This way no one is left waiting behind someone who has a large number of cheques, etc to

be sorted. Put sure, I would feel a bit happier. MRS PHYLLIS BRAND, The City University School, Llanos Denny House, 22 Gower Road, London EC4A 3TB, September 12.

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BASF

BY THE FINANCIAL EDITOR

Cross currents in the gilt market

Authorities had been hoping to get a count of their new £1,000m stock away on application tomorrow, then it not have been pleased by the dampening words on interest rates from Sir Keith Joseph and Mr. Chief Secretary at the Treasury. The market may yet perk up a bit before final investors come to make their bid, but the minimum tender price for the 1986 stock was almost a gher last night than that on the stock, net of accrued interest, a ferential in spite of the partly paid issue.

It may not worry the authorities if it is relatively little of the new stock up tomorrow. It is, after all, only the fact that today is the September 17th, could do without any rain just at present.

However, it would be better if some is tied up sooner rather than later, that the authorities still have the d to play at some stage, and others imably, but there are cross-currents in the gilt market, as presently d until becomes clearer. Just when orities are prepared to play the d, the cautious may well be content their cash on the street.

ile but able

Mr. Jacob Rothschild, of the Rothschild Investment Bank, is at the centre of the "who's who" dispute, the company as a "somewhat" in the investment world. So it has been. While traditional investment d to spread their money in shares, dited Kingdom, United States and shareholders in RIT have had a resting and, so far, more reward-ve seen the share price, which le most in the 1974 financial ge a spectacular recovery they seen the company indulging in and-out deals and, more recently, vicariously participated in the family quarrels.

RIT'S ASSETS

Main holdings	Approx. value
Leasing	£80m
rey Davis	£28m
on & Sumner	£7m
on & New York	£6.5m
schild Continuation	£6.6m
et Life	£6.6m
no subsidiaries	£5.5m
Properties	£5.5m

in the past five years the asset the RIT shares has gone up by per cent against some 90 per cent erage trust. There has been some in the past few months but that ause RIT has been building cash n anticipation of some new major of some serious misjudgment opan properties and a too long ld in 1974, the Jacob Rothschild s been dynamic and successful, he did er it was in a big way, ion into the property market of the Hague and Paris in office developments—cost RIT some ie time of the write-down in the ch 1976.

the past four years the running nooth. From 1976 onwards RIT invest generally in what may be cribed as financial services cotir even then the specialization en total and timely incursions y undervalued shares have ck profits.

hase and sale of most of the

Savvy shares and the proposed sale of the Godfrey Davis car rental business have proved highly profitable.

The assets RIT has retained have been financial businesses. These now include Anglo-Leasing, the Dayway Day group which includes Target unit trusts and life insurance and the London & New York company to be renamed J. Rothschild Investment—for the overseas operations. RIT's stake in these vary but it certainly has effective control.

The more interesting question now is the cash that has been accumulating. Excluding liabilities this could amount to close on £60m and while not all can necessarily be used for acquisition—because of maturing loans and security deposits with banks—most probably can.

If it is now thought that RIT will spread to the United States possibly with the aid of Mr. Saul Steinberg's Reliance Group which owns 20 per cent of RIT.

—350p—against an asset value of 450p. —350p—against an asset value of 450p. —350p—against an asset value of 450p.

Willis Faber

Conflicting factors

Interim profits are up 19 per cent at £11.9m at Willis Faber, so confounding stock market forecasts of below £9m. It provided a significant fillip to the lack-lustre insurance broking sector which is still brooding on a near 10 per cent shortfall reported last week by Sedgwick.

Shares in Willis led the way with an 18p rise to 251p, but others, including Sedgwick, added several pence on the view that the downturn signalled better times.

Unfortunately, this does not seem justified. Conditions in world markets are still difficult. Willis reckons second-half results will be little changed from the depressed levels of last year—while the continuing strength of sterling puts relentless pressure on groups which earn premiums overseas and incur expenses at home.

Willis, which seems as mystified as the market over the relative first-half outcome—which but for sterling would have been £1m better—concedes that it has seen a faint hardening of rates in its important marine and aviation books.

However, real benefits seem to have come from organic growth in income due in part perhaps to gains from the recent turmoil in transatlantic links and improvements in group communications following the installation of new computer systems. At the same time the claims pattern seems to have worked in the group's favour to boost investment income perhaps by more than a quarter to over £4.5m. High interest rates certainly helped this business.

Meanwhile, a gain of almost a third from associates to £4m seems to point to a good result at Morgan Grenfell, the merchant bank in which Willis has a 22 per cent stake although improvements in overseas broking operations have contributed as well.

At the same time investment income has sharply boosted the Sovereign Insurance Company contribution, while the underwriting agencies have contributed more than £800,000, possibly reflecting the last truly good year at Lloyd's for some time and of course there is the longer-term doubt after Fishers proposal for disinvestment.

For the full year Willis is indicating profits of over 19m, although a 10 per cent move in sterling's value could tip the result by as much as £500,000 either way.

This suggests a p/e ratio of just under 11 fully-taxed while the prospective yield is 6.8 per cent assuming the 8.5 per cent interim increase is carried through to the final, not much of a premium over the sector for one of its soundest components in fact. But then the whole sector may have to face up to pretty grim figures from some of Willis's less fortunate rivals over the next few weeks.

Mrs Thatcher goes into her forthcoming economic talks with the TUC with one strong hand and one that is weak on the critical issue of pay. Her strong hand is the virtual collapse of wage militancy in the private sector; her weak one, the evident determination of public sector unions to keep pay rises roughly in line with inflation.

This year there has been no clear-cut division between the last wage round and the new winter negotiating season. Local government white collar staff are still locked in arbitration on a 13 per cent offer that is a hangover from July 1, while local authority employers are already preparing the ground for a single figure settlement for the low paid town hall manual workers in six weeks' time.

The spread of settlements in the public sector now covers practically the whole year and this "bridge" between the big spending year of 1979-80 and the next round of wage deals will make it all the more difficult psychologically for Ministers to argue for a clean break with past inflationary expectations.

In the energy and energy-related industries, in particular, it will be almost impossible to push through the Cabinet's tough line. The Civil Service settlements substantially lower than the 16 per cent rate of inflation. With the election process for the miners' presidency already on the move, neither the left nor the right in the National Union of Mineworkers can afford politically to be seen to be soft on pay.

And, where the miners go, the power station workers and the railwaymen usually follow.

Costly settlements here need not, of course, be reflected right across the public sector, though the water workers seem to have caught on to the benefits of linking themselves with the other key utilities. Public service workers face an agonizing choice between jobs and pay rises, and local government leaders privately fear a rash of New York-style municipal bankruptcies in British town halls if the Government's tighter rein on spending in this area.

In the Civil Service, preparations for a possible wage confrontation are already well advanced. A central planning committee on industrial action, which brings together seven unions, meets for the first time this week. Having negotiated 18 per cent settlements last time round, the Civil Service unions could go into battle this winter if the Government refuses to implement the findings of the Pay Research Unit. These deal with the Civil Service salaries and comparable rates in private industry.

The prospects for the public sector cannot, however, be viewed in isolation from what is happening in the private sector, where the flight from wage militancy has astonished even the employers. Mr. Michael Mallett, chairman of the Confederation of British Industry, Yorkshire region, said at the weekend that companies were originally looking for settlements of the order of 10 per cent.

That expectation is falling rapidly, he said. "The widespread range of people now seem to be contemplating pay increases somewhere in the 5 to 8 per cent area." Union leaders in Yorkshire were "punch drunk" with redundancies and closures in recent months and no employer ex-

Pay claims: how big an obstacle for Mrs Thatcher?

Group	Number	Operative date	SOME KEY SETTLEMENTS AND CLAIMS
Post Office engineers	150,000	July 1	20% settlement plus productivity
Industrial civil servants	160,000	July 1	16.5% settlement
Talbot car workers	20,000	July 1	15% settlement over 18 months
Lucas	20,000	July 1	15% settlement
Local govt staff	540,000	July 1	13% rejected; dispute at arbitration
Vauxhall car workers	23,000	Sept 15	8% accepted
Clothing workers	183,000	Sept 22 onwards	Offer of 7% from Jan 1 rejected
Ford car workers	55,000	Oct 21	"Substantial claim" believed to be 20%
Engineering workers	2,000,000	Nov 1	Offer of 6.2% talks resume Oct 13
SL cars	80,000	Nov 1	Stewards talking of 20% claim
Local govt manuals	1,000,000	Nov 1	"Substantial claim" being drawn up; single figure offer expected
Tanker drivers	10,000	Nov, various	"Substantial" package claim exceeding 20%
Firemen	30,000	Nov 1	Automatic upgrading to stay in top quartile of manual wages
Water manuals	33,000	Dec 1	No claim yet
Lorry drivers	180,000	Dec, various	"Substantial"; like tanker drivers
NHS ancillaries	283,000	Jan 1, 1981	Follow on local govt manuals
British steel production workers	70,000	Jan 1	No claim yet
Mineworkers	225,000	Jan 1	£100 a week minimum in 35% package claim; talks open Oct 23

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That expectation is falling rapidly, he said. "The widespread range of people now seem to be contemplating pay increases somewhere in the 5 to 8 per cent area." Union leaders in Yorkshire were "punch drunk" with redundancies and closures in recent months and no employer ex-

pected a major strike over pay. Our main fear is about pay settlements under the Government's control.

These regional findings are borne out at national level. Lucas accepted 10 per cent some weeks ago. Talbot car workers have now agreed to 15 per cent spread over 18 months and the men at Vauxhall voted in a secret ballot to take 8 per cent. These deals bear eloquent testimony to the troubles of the motor industry.

Unemployment and short-time working have also cast a long shadow over negotiations in the engineering industry. With the unions and the Engineering Employers' Federation vying to produce a higher figure for redundancies over the last year, a 6.2 per cent offer on basic rates looks suspiciously close to a settlement figure.

Mr. Terry Duffy, the engineering workers' president, is at present seeking reelection against his old left-wing rival Mr. Bob Wright. But he is resting on the laurels of the 1979 struggle to reduce the industry's working week rather than going in for a confrontation now.

In traditionally low paid industries, where moderate settlements have not saved jobs, a note of despair informs this

round of negotiations. Clothing manufacturers for instance, have offered 7 per cent to about 130,000 workers from January 1. But, because most agreements expire long before that



Mr. Brian Rusbridge, chief negotiator for the local government employers. "A hollow victory to gain high inflation, if there are many colleagues who are no longer there to enjoy them."

date (starting with the "men's outdoor" trade on Friday), this represents an annual rate of 4 to 51 per cent. Anything more, the employers say, will cost yet more jobs—in an industry where 23,000 men and women have already been put out of work this year.

This is a point forcibly taken up by Mr. Brian Rusbridge, chief negotiator for the local government employers. "It will bring no joy to elected members to see a proud service decimated by financial crises generated by impossible demands and, for those who serve it, it is a hollow victory to gain high inflation if there are many colleagues who are no longer there to enjoy them."

This kind of desperate bargaining environment could also encourage irrational. "To hell with it strikes, where workers have been forced to accept exceptional job and pay sacrifices. It was because they saw no other way out of the vicious downward spiral of pit closures and falling real wages that the miners began their strikes in the late sixties. A similarly despondent logic lay behind this year's steel strike."

So not all strikes are based on a nice calculation of profit and loss by seasoned militants. And, having abolished the Clegg Comparability Commission on the grounds that it was an engine of inflation, ministers have no obvious safety valve to allow pressure in the pay system to escape. If employers have enthusiastic recourse to the considerable powers of summary available under the Employment Act, further pressure will build up.

While the remorseless toll of redundancies in the private sector has prompted a real fear of strike-induced unemployment for "a new sense of realism" in the eyes of some ministers, there seems to be no great loss of nerve among the peace-loving members of the public sector. The Cabinet's problem will be to isolate the "stand-and-deliver" operators from the general run of settlements.

There is already informed speculation about the special cases. How tight can they hold the net?

Paul Routledge

Frank Vogl

Accelerating pace of America's trade with China

Trade was negligible until diplomatic relations were established last year. Now the Chinese are the United States' largest communist trading partners

Washington. Almost every day brings a new significant development in trade between the United States and China. The pace of change is dramatic and from the Soviet viewpoint, no doubt alarming.

Last week, Mr. William Perry, the United States Under-Secretary of Defence, was in China, telling government leaders that America was willing to sell them a wide range of technology. It includes a geophysical data computer with some military application that is more advanced than anything the United States has ever sold to the Russians.

At the weekend a large Chinese trade exhibition opened in San Francisco. This is the first such trade fair in the United States and it will go on later in the year to Chicago and New York.

This week sees the first meeting in Washington of a high level United States-China economic commission which will discuss all aspects of trade policy. A shipping agreement between the two countries will among other things, entitles the United States and Chinese fleets each to carry at least a third of the bilateral trade.

Today President Carter and Chinese Premier Peng have signed this agreement, as well as textile, civil aviation and consular agreements. A pact for the American government to insure the risks of companies trading in China is also in the works.

The bare figures underline the significance of these developments. Trade was negligible before the reestablishment of diplomatic relations early last year, but now China is America's largest communist trading partner.

In the first half of this year trade between the two countries increased by 104 per cent, with United States exports to China rising to \$1,630m, from \$800m in the same period last year. Imports from China up by \$207m to \$453m. For the full year the two-way trade is likely to be almost \$4,000m, putting America behind only Hongkong and Japan as China's largest foreign trade partner.

A lot of domestic and foreign policies lie behind these developments and it serves to secure the whole array of new pacts and deals that is making the business interchange extremely exciting. On the domestic front the Carter administration is relishing Mr. Ronald Reagan's uncertainties about trade with the United States. In that with a likely \$2,000m surplus on trade between America and China this year, it really pays America to have good relations with the mainland.

The worsening of relations with the Soviet Union has without doubt influenced American attitudes to China trade. The Soviet invasion of Afghanistan prompted a limited trade embargo by America which will reduce United States-Soviet

talks have started on a possible bank credit of \$80m for a Chinese steel mill.

In the spring and summer the Carter Administration gradually eased its licensing regulations covering the sort of goods that American companies could sell to China. This liberalization, reflecting the United States desire for closer diplomatic ties with the Chinese, has already resulted in some 400 licences being approved for the sale of electronic and military support equipment.

The main American exports to China are agricultural products, general machinery and equipment. While the chief imports are oil and oil products, textiles, shoes and, of course, fireworks. The trade pattern in coming years could be quite different.

A series of big aviation deals appears to be in the offing. Boeing has already sold three jumbo aircraft to China this year and the big American aeroplane makers are seeking new contracts. Lockheed, McDonnell Douglas and Boeing are also having talks on building component factories in China.

The scale and pattern of United States exports will be critically influenced, in coming years by decisions taken by the White House on military sales. Bell Helicopter is negotiating the sale of a production plant and there could be some big military contracts. Last week the Chinese told officials from the United States Defence Department that they are keen to buy American arms.

Commerce Department officials in Washington believe

that there is every indication that the Chinese will continue expanding grain imports as they seek to raise protein standards for their population. Large-scale cotton exports from America are also expected for the growing Chinese textile industry.

The Chinese view of credits is an important factor for trade growth. So far, in the Chinese, hardly any American companies, the Chinese are paying hard cash, but they are expected in time to become big users of the Export-Import Bank.

The Chinese are certainly encouraging Americans to increase their sales and the Commerce Department is making a big effort to help American companies to "open up" China. In November some 254 American companies will show their goods in Beijing at the first United States trade fair held in China in more than 30 years.

The outlook depends above all on the economic plans to be drafted in the coming months by the new Chinese leadership. Some experts in Washington believe that these plans will be conservative and that, as a result, trade will be sluggish until late in the decade when China is able sharply to increase its oil sales and so afford to step up its imports.

The United States Secretary of Commerce does not share this dim view and, influenced by all the new agreements being concluded daily Mr. Klutznick says bluntly that trade between the United States and China will total at least \$10,000m by 1985.

Business Diary: Shipmates depart • Bull for China's shoppers

British shipbuilders have effectively run two headquarters, one in the North-east and one in London. The establishment of a presence for the new state corporation in an assisted area with a tradition of shipbuilding was wished on the original shipbuilders organizing committee by the Labour Government, with Tony Benn the arch proponent. Much expensive time has been taken up travelling between the two centres, although an executive jet has helped. This is now being sold off.

The Newcastle move, with the London office reduced to a compact marketing and publicity outfit, should produce a £3m saving in overheads. It has long been considered nonsensical to duplicate the headquarters functions of the new corporation, one in the heart of the offices is undoubtedly the right one.

But whether it is right to focus on Newcastle is another matter. There is growing doubt whether a troubled nationalised industry can be effectively run from the North-east. Atkinson clearly believes it can.

The commuters who spent 20 minutes of yesterday morning stuck outside Euston station may have been wondering what caused the delay to their trains. British Rail have not been exactly boasting about the fact, but it was due to the presence of Norman Fowler, the Minister of Transport. He was busy making an industrial trip on British Rail's advanced passenger train, the one, yet may remember, which is destined to make the point easier.

London's Ritz Hotel in Piccadilly has a new general manager fresh from masterminding Arabian nights for European heads of state.

The discreetly pin-striped Duffell might remind no one of the pantalooned and obedient major domo from the ballet. He is, however, the same job as controller of the Royal Household in Amman.

In the four years he spent in the employ of King Hussein, Duffell had charge of four great palaces, one in Amman, one of the outskirts, one by the seaside and one for banquets.

He got the job on the recommendation of the interior designer charged with the sumptuous fittings of King Hussein's new palace, Al Hashimieh, which has reverted to the role of a grand guest house since the monarch remarried.

Mao must be turning over in his mausoleum. Peking is about to acquire its first representative of a western advertising agency. However, as befits such an egalitarian society, the post has been allotted to a woman.

Angela Newsome, 26, will start work in China next month as sole front woman for McCann-Erickson Jardine. She candidly admits her lack of advertising experience, but for the past few years she has been working in London in the field of China trade.

She speaks the language, has lived in the country and is confident that the agency's first two main accounts, the national airline and travel service, are winners. A thousand million people emerging from total isolation offer a lot of advertising opportunities, she says. Who would disagree?

Good news at last for travellers to Zimbabwe. The least defensible air cartel since the London-Hongkong route has now acquired an economy fare.

British Airways and Air Zimbabwe have agreed to introduce an Apex fare on the London-Salisbury route, thus more than halving the normal return "economy" fare of £1,040 which the monopoly they operate has allowed them to charge.

British Airways' announcement of this new fare is of more than a little interest to Business Diary, which has been complaining about the "inordinate cost of fares to Zimbabwe for some time."

Only a month ago Business Diary got in touch with British Airways after hearing that an Apex fare was imminent. "I can categorically state that this is untrue," said a BA person at the time.

Lo and behold, a few weeks later, another British Airways person telephoned to say that the airline is to introduce such a fare.

"But," we pressed, "why didn't you say this before?"

At answer is not very forthcoming, but those wishing to fly to Salisbury may now do so from October 1 for £410 return low season, and £470 high.

Mrs Malaprop lives. Two women overheard on the Tube. "Well I blame Mrs Thatcher for all this unemployment." "Oh no dear, it's not her fault. You should read the papers, it's all caused by the world depression."

David Hewson

Babcock

INTERIM RESULTS

for the six months to 30 June 1980

	First half year (unaudited)	Year (audited)
	1980	1979
Turnover	£000	£000
	407,859	389,358
Profit before taxation	£000	£000
	6,104	15,483
Profit attributable to ordinary shareholders	£000	£000
	4,288	14,817
Ordinary dividends:		
Cost (£000)	Interim	Interim
Per share	3.695	3,676
	3.4p	3.4p
	7.0p	7.0p

The interim dividend will be paid on 20th October, 1980 to shareholders registered on 19th September, 1980.

* Profits severely affected by the recession in North America and the U.K. and by high interest charges.

* The Group's wide product range and geographical spread make it well able to ride out the present conditions and the longer term outlook remains bright.

* Interim dividend maintained at 3.4p per share.

Copies of the Interim Report may be obtained from The Secretary, Cleveland House, St. James's Square, London SW1Y 4LN.

Babcock International Limited

A LEADER IN WORLD-WIDE ENGINEERING

FINANCIAL NEWS

Stock markets

Late rally in equities on dock hopes

A late rally, on hopes that the dock strike may yet be averted, restored some confidence to a nervous stock market yesterday.

Equity and gilt-edged prices closed off the worst, having drifted easier for most of the day.

The market opened with leading shares a penny or two off and electricals still in retreat.

Dealers reported no great weight of selling. Instead, they slipped back on small offerings while the buyers hovered in the wings.

Gilts opened lower as dealers tried to find a level for the market against the background of a weaker pound and Sir Keith Joseph's reassertion that there will be no immediate fall in interest rates.

Shorts soon extended opening losses of 5 to around 5.2. However, the mood changed on the news that talks involving the lay-off of Liverpool dockers had been adjourned until Friday.

Drawing comfort from this, the market firmed and although turnover remained thin, shorts closed with losses of only 1.2 on the day. Long-dated stocks also closed off the bottom with losses of 1.2 to 1.5.

Despite the modest rally in equities, the FT index was unable to recover the 500 level. But after being 4.9 down at 2 o'clock, the index of leading shares ended the day only 2.4 points lower at 498.3.

Ahead of Thursday's annual meeting, Distillers was one of the weakest features, among leading shares. Dealers reported large offerings on fears of falling whisky exports and the share closed down 2.25p.

Fears of impending civil war in Zimbabwe were behind the

Sp fall to 106p in Turner & Newall and a 4p drop to 104p in Louth.

Elsewhere, ICI closed 2p lower at 354p, but GKN, with figures on Thursday, recovered from 216p to close 2p better at 221p.

Also among engineers, TI slipped 4p to 242p, but Simon Engineering rose 2p to 278p in the wake of this week's figures.

Giddings & Lewis, on interim results, rose 2p to 252p, but Fisons, 2p lower at 222p. But Glaxo managed a 2p gain to 252p.

The beleaguered textiles sector received some good news with results from Sidar, up 8p at 99p. Also among the second-liners, Executec Clothes rose 4p to 29p.

Interim results and Tex-Conslute were in demand on hopes of recovery with a 7p rise to 30p. Courtaulds at 60p and Tootal at 24p were unchanged, but Carrington down 5p at 464p, Rascal 1p

Virella rose 1p to 13p and Nottingham Manufacturing 1p to 95p.

In a weak electricals sector, Fidelity featured with a 5p rise to 43p on news that production had been stepped up.

Shares of West Midlands-based metals to plastics group Evered & Co Holdings jumped 5p off their year's low to 22p yesterday. Word is that Britannic Assurance has sold half of its 800,000 shares, leaving it with just under 7 per cent. Britannic declined to comment. Arab interests hold 12 per cent of Evered.

GEC bounced off the bottom to close 5p up at 526p as did Thoma EM1, up 7p at 352p. Otherwise selling pressure prevailed, leaving Ferranti down 5p at 464p, Rascal 1p

easier at 327p and Plessey down 2p at 255p.

Standard Telephone lost 7p to 446p while the second-line, Electrocomponents eased 2p to 728p, Farnell 1p to 365p and Muirhead 2p to 148p.

Much better than expected results from Wills Faber, up 18p to 251p, set slight insurance brokers. Sedgwick gained 7p to 127p, Alexander Holdings 5p to 102p and Minet Holdings 5p to 105p.

C. S. Heath rose 7p to 208p and Eves Robins was 5p to the good at 138p.

However, the composites and life companies were both weak in thin trading. Eagle Star edged results and Commercial Union slipped 1p to 177p. Hambro Life fell 3p to 299p.

Properties closed off the bottom, having gone easier with the gilts market at the opening.

However, very little stock was on offer. MIPSC closed 4p off at 248p, as did takeover favourite Rush & Tompkins at 236p. Land Sees at 388p and British Land at 94p were both 2p easier, but most recovered further after hours.

Midland at 358p fell 2p and Lloyds gave up 4p to 336p, while Standard Chartered relinquished another 10p of its recent gains to close at 607p.

Speculative buying pushed Debenhams up 4p for a two-day rise of 10p to 86p and Steelcity, with results pending, rose 2p to 194p. Euro Perrier, a weak market lately, recovered to 179p ahead of Friday's trading news.

Equity turnover for September 15 was £129.26m (number of bargains, 17,907). Yesterday's most active stocks, according to Exchange Telegraph, were Rascal, GEC, J. Heyworth, ICI, Cons Gold, KCA International, Shell, Dunlop, Plessey, Nar West, Bunnell, B.A.T., Euro Perrier, GKN, and RTZ.

Traded options were quieter with 1,088 contracts done, compared with over 2,000 the previous day. Lomax was the most active of the group's 40 per cent holding in a New Zealand dealer would bring a further £700,000.

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Barrow Highburn interim profits dip

Barrow Highburn, the Highburns, packaging, plastics and engineering group, reports a fall in pretax profits because of

slumping hide prices and consumer demand. A similar problem was reported on Monday by Pittard Group.

Hide dealing accounts for 20 per cent of Barrow's turnover, which fell from £18.1m to £15.9m. Hide-dealing has suffered from oscillating hide prices, which have run from £1 a kilo at the beginning of the year to about 30p now.

Mr Ray Wray, the chief executive, said yesterday that fortunately the group is well balanced with interests in packaging, plastic compounds, engineering and a successful trading machinery factory in Italy.

Ignoring the hide sector, Mr Wray said the group is satisfied with pretax profits of £1m for the three months to June 30 against £1.6m for the same period last year.

Short-term losses of £255,000 at Le Tanneur, the French subsidiary which has a 25 per cent market share of the French retailing leather market, were expected to be turned into profits soon, he said. The sale of tanning interests in South America provided £505,000, and the group's 40 per cent holding in a New Zealand dealer would bring a further £700,000.

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Record hopes at Home Charm hit by interim fall

By Catherine Gunn

Only five months after expressing hopes for record sales and profits for 1980, Home Charm, yesterday announced a 45 per cent decline in interim pretax profits to £638,000. The interim dividend is unchanged at 1p gross.

The DIY and kitchen furniture group got agitated between the downturn in the sector and its inescapable commitments to expansion. Pre-opening costs of £300,000 on six new stores had to be met before starting the operating profit of £1.36m, down 4.5 per cent.

Meanwhile, borrowings soared from just £596,000 net at December 31 to £4m, and interest payments in the first half swung from a £12,000 credit to a £227,000 charge. The group is struggling to reduce its debt, and may make some announcements soon.

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Capital expenditure is being cut wherever possible and will amount to £3.6m for the year, bringing spending over 18 months to £8m. Heavy depreciation charges are compounding Home Charm's problems now: at £496,000 by June 23, they are expected to top £1m at the year-end.

Four more stores will open this half. But pre-opening costs are being sharply cut and should not exceed £150,000 for the four. The Swansea store has been closed, leaving the group with 35.

Group sales rose £9.25m over the first half to £28.6m. Turnover in established stores held up, but was below budget in the new ones. There are signs of modest improvement now.

The market was expecting a profits drop and the share, following spending over 18 months to £8m, they are expected to top £1m at the year-end.

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Short-term losses of £255,000 at Le Tanneur, the French subsidiary which has a 25 per cent market share of the French retailing leather market, were expected to be turned into profits soon, he said. The sale of tanning interests in South America provided £505,000, and the group's 40 per cent holding in a New Zealand dealer would bring a further £700,000.

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Equities close off the bottom

for discussion & details
01-628-5684

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-Managerial-Administrative-Secretarial-Personal Assistants-

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